THE WORLD TRADE ORGANISATION AND
DEVELOPING COUNTRIES: THE CASE OF
ZIMBABWE

By
CHARITY MANYERUKE

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ABSTRACT
This study gives a critical analysis of the World Trade Organisation (WTO) and developing countries in general and Zimbabwe in particular. This study makes an assessment of the achievements and obstacles in regulating international trade in relation to developing countries with specific reference to Zimbabwe. The study gives background information on the formation of the WTO. The structures of the WTO, its objectives and activities are analysed using a political economy approach. The effects of globalization policies embodied in the WTO were discussed. This study questions whether the WTO presents any significant trade and development opportunities to developing countries and Zimbabwe in particular. Discussions in this study were formulated on the hypotheses, which assumed that the WTO does not change the status-quo of the world economic order and is still exclusive rather than inclusive. In addition to a discussion on the evolution of Zimbabwe’s participation in the WTO, the Agreement on Agriculture and the Agreement on Trade Related Aspects of Intellectual Property Rights were analysed as they apply to the case of Zimbabwe. This study concludes that Zimbabwe, like other developing countries, is marginalised by the WTO. Since the WTO failed to deliver on its key promises nine years after its establishment, it is important that all the weaknesses of the existing regime be unearthed and corrected. The WTO’s agreements need to be reviewed and redressed in order to allow benefits from such a regime to be enjoyed by developing countries too, otherwise, developing countries cannot support further trade liberalisation, new agendas and issues. The reviewing process should include genuine consultations with civil society, the business community and other stakeholders such as national governments.
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<tr>
<td>AoA</td>
<td>Agreement on Agriculture</td>
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<tr>
<td>AGOA</td>
<td>African Growth and Opportunity Act (U.S)</td>
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<tr>
<td>ACM</td>
<td>Central American Common Market</td>
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<td>ACP</td>
<td>African, Caribbean and Pacific</td>
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<td>AD</td>
<td>Anti-Dumping</td>
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<td>African Development Bank</td>
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<td>Appellate Board</td>
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<td>Agricultural and Rural Development Authority</td>
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<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<tr>
<td>ASPEF</td>
<td>Agriculture Sector Productivity Enhancement Facility</td>
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<td>AU</td>
<td>African Union</td>
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<tr>
<td>BTR</td>
<td>Bilateral Trade Relations</td>
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<td>CAP</td>
<td>Common Agricultural Policy</td>
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<td>Consumer Council of Zimbabwe</td>
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<td>CEECs</td>
<td>Central and Eastern European Countries</td>
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<td>CHIEHA</td>
<td>Chibememe Earth Healing Association</td>
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<tr>
<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
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<td>Commonwealth Scientific and Industrial Research Organisation (CSIRO)</td>
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<td>CTDTT</td>
<td>Community Technology Development Trust</td>
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<tr>
<td>CVD</td>
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<td>DFID</td>
<td>Department for International Development</td>
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<td>DSB</td>
<td>Dispute Settlement Body</td>
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<td>EAC</td>
<td>East African Community</td>
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<td>EBA</td>
<td>Everything But Arms</td>
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<td>EC</td>
<td>European Commission</td>
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<td>European Development Fund</td>
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<td>European Economic Community</td>
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<td>EPAS</td>
<td>Economic Partnership Agreements</td>
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<td>ESA</td>
<td>East and Southern African</td>
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<td>Economic Structural Adjustment Programme</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>FTA</td>
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<td>FTLRP</td>
<td>Fast Track Land Reform Programme</td>
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<td>GATS</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GoZ</td>
<td>Government of Zimbabwe</td>
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<td>GSP</td>
<td>Generalised System of Preferences</td>
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<td>HDI</td>
<td>Human Development Index</td>
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<td>ICT</td>
<td>Information Communication Technology</td>
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<td>IDS</td>
<td>Institute of Development Studies</td>
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<td>IGAD</td>
<td>Inter-Governmental Authority</td>
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<td>ILO</td>
<td>International Labour Organisation</td>
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<td>IPR</td>
<td>Intellectual Property Rights</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<td>ISO</td>
<td>International Standards Association</td>
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<td>Indian Ocean Commission</td>
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<tr>
<td>LDC</td>
<td>Least Developed Countries or Less Developed Countries</td>
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<td>LMG</td>
<td>Like Minded Group</td>
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<td>LRP</td>
<td>Land Reform Programme</td>
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<td>MCAZ</td>
<td>Medicines Control Authority of Zimbabwe</td>
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<tr>
<td>MFN</td>
<td>Most Favoured Nation</td>
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<td>MNCS</td>
<td>Multi-National Corporations</td>
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MTAs  Multilateral Trade Agreements
NAFTA  North Atlantic Free Trade Agreement
NAMA  Market Access for Non Agricultural Products
NEPAD  New Partnership for Africa’s Development
NDTPF  National Development and Trade Policy Forum
NGO  Non Governmental Organisation
NIC  Newly Industrialising Economies
NIEO  New International Economic Order
NTB(s)  Non Tariff Barrier(s)
OCT  Overseas Countries and Territories
OECD  Organisation for Economic Cooperation and Development
PRSPs  Poverty Reduction Strategy Papers
RBZ  Reserve Bank of Zimbabwe
RIA(s)  Regional Integration Agreement(s)
RIOC  Regional and International Organisations and Commodities
RNF  Regional Negotiating Forum
SACU  Southern African Customs Union
SADC  Southern African Development Community
SAZ  Standards Association of Zimbabwe
SCM  Subsidies and Countervailing Measures Agreement
SEATINI  Southern and Eastern African Trade, Information and Negotiations
SDT  Special Differential Treatment
SIRDC  Scientific and Industrial Research and Development Centre
SPS  Sanitary and Phyto Sanitary
STABEX  EC’s finance scheme to stabilise export earnings of ACP countries
TBT  Technical Barriers to Trade
TDCA  Trade Development and Cooperation Agreement
TIMB  Tobacco Industry and Marketing Board
TNC  Trade Negotiations Committee
TPRB  Trade Policy Review Body
TRADES Centre  Southern African Trade and Development
<table>
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<tr>
<td>TRIMS</td>
<td>Trade Related Aspects of Investment Measures</td>
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<td>TRIPS</td>
<td>Intellectual Property Rights</td>
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<tr>
<td>TWC(s)</td>
<td>Third World Countries</td>
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<td>TWN</td>
<td>Third World Network</td>
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<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>USSR</td>
<td>Union of Soviet Socialist Republics</td>
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<td>WHO</td>
<td>World Health Organisation</td>
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<td>WIPO</td>
<td>World Intellectual Property Organization</td>
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<td>WTO</td>
<td>World Trade Organisation</td>
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<td>WWII</td>
<td>World War Two</td>
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<td>ZBH</td>
<td>Zimbabwe Broadcasting Holdings</td>
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<td>ZIMASCO</td>
<td>Zimbabwe Mining and Smelting Company</td>
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<td>ZIMCODD</td>
<td>Zimbabwe Coalition on Debt and Development</td>
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<td>ZIMRA</td>
<td>Zimbabwe Revenue Authority</td>
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<td>ZINATHA</td>
<td>Zimbabwe National Traditional Healers Association</td>
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<td>ZNCC</td>
<td>Zimbabwe National Chamber of Commerce</td>
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CHAPTER ONE: INTRODUCTION

1.1 Overview

This chapter gives an outline of the study. The problem statement, problem background, objectives of the study, hypothesis, methodology, the literature review and theoretical framework are outlined in this chapter. This study focussed on the World Trade Organisation (WTO), which is an international trade organisation established in January 1995 as a successor of the General Agreement on Tariff and Trade (GATT) (see Annexure 1.1 for the Marrakesh Agreement establishing the WTO). In this study, an assessment of its achievements and obstacles in regulating international trade was made in relation to developing countries, with specific reference to Zimbabwe. In making a policy impact assessment, background information on the formation of the WTO, its structures, objectives and activities was considered. The main theoretical and methodological principle underlying this work was the political economy of development and trade. Consequently, a political economy analysis of the WTO system was used in this study. A political economy approach enabled a review of power, influence and authority relations existing in the international trade organisation.

1.1.1 Problem statement and background

The effects of liberalization and globalisation policies embodied in the WTO on the developing countries were analysed, given such issues as regionalism, sovereignty, trade imbalances and the political will to implement policies agreed at the WTO. Developing countries are parties to the WTO. The question that arises is whether the WTO presents any significant trade and development opportunities to the developing countries and to Zimbabwe in particular. In analysing and evaluating the opportunities, strengths, weaknesses and threats faced by developing countries in the WTO, the study attempted to find out whether the WTO was formed to benefit developing countries as well. Its policies and activities were evaluated in order to assess the stake of developing countries.

---

1 Developing countries are countries with economies classified as poor economies which are however developing. In the WTO countries have different status based on their level of development. They are divided into: developed countries; developing countries and least developed countries. The status of a country is decided by WTO members and can be challenged. South Africa for example was a developed country but its status was changed in 2002 to developing country status. In Southern and Eastern Africa, Botswana, Kenya Mauritius, South Africa, Namibia, Swaziland and Zimbabwe are classified as developing countries whilst Angola, Democratic Republic of Congo, Lesotho, Malawi, Mozambique, Tanzania, Uganda, Zambia and Zimbabwe are least developed countries.
in the WTO. The study based its findings from 1995, when WTO was formed, to 2004, a year after the closure of the Cancun conference.

The WTO is a globalization agent alongside other institutions such as the International Monetary Fund (IMF) and World Bank, and United Nations Development Programme (UNDP), which have since been precipitating its functionality. Globalization has been associated with imperialism and its impetus was always centred on imperial state institutions, specific class configuration, extracting resources from the domestic economy to finance overseas conquest and private accumulation, exploitation of the Third World (TW), inter-imperial trade and international exchange of unequal terms of commodities by most developing countries. Since the concepts of globalization and liberalization are embodied in the WTO, there is need to analyse its effects on developing countries and on Zimbabwe in particular.

When reference is given to developing countries, many generalizations are made since this group is heterogeneous. In order to limit such a weakness in this study, it was important to focus the study on the case of Zimbabwe as a representative of developing countries with its own specific characteristics. In this regard, the study therefore first analysed the effects of WTO policies and processes on developing countries in general and then on Zimbabwe in particular. The study traced the role and place of Zimbabwe in the WTO. This study gave relevant information on the political-economic background of Zimbabwe; Zimbabwe’s participation in the negotiation processes and the effects of selected agreements on Zimbabwe.

1.1.2 Justification of the Study
This study was necessitated by the fact that no systematic work on the WTO and Zimbabwe during 1995 to 2004 had been done. There was need to assess Zimbabwe’s performance, role and place in the WTO’s institution. Literature reviewed show that there was very little scholarly literature on WTO and Zimbabwe. This work is envisaged to help the government, civil society, national, regional and the international community formulate policies that will enhance development.
1.1.3 Hypothesis
The working hypothesis for the study is that the World Trade Organisation does not change the status quo of the world economic order and is still exclusive rather than inclusive. The WTO is precipitating the marginalisation rather than integration of developing countries into multi-lateral processes. This means that the WTO is not envisaged by this study to lead to sustainable development in developing economies unless fundamental changes are instituted.

1.1.4 Objectives of the Study
The main objective of this study was to evaluate the achievements and obstacles of WTO in regulating international trade especially in relation to developing countries. A case study of Zimbabwe was made in order to clearly illustrate how specific policies, issues and processes affect different countries in the developing countries category. The WTO structures, objectives and activities were evaluated in order to assess their impact on developing countries. Zimbabwe’s performance, role and place in the WTO’s institution were assessed in relation to other developing countries in various groups and also developed countries. The study critically evaluated the relationship between multilateral trade negotiation process in Geneva and Zimbabwe. The study made an in – depth analysis of how two World Trade Organisation Agreements, that is the Agreement on Agriculture (AoA) and the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) affects different aspects of Zimbabwe and other developing countries. The objective was to make an in-depth analysis of how these agreements affects Zimbabwe. The AoA was targeted by this study since more than 70 percent of livelihoods in Zimbabwe rely on agriculture. An in-depth analysis of how the Agreement on Trade Related Aspects of Intellectual Property Rights can affect Zimbabwe was also made in this study. The TRIPS agreement was selected since it is the only agreement which deals with issues that are central to the people of Zimbabwe on intellectual property. These are: the Zimbabwean sculptor, traditional medicines and pharmaceutical drugs. On the basis of the findings pertaining to the benefits and problems faced by developing countries, particularly Zimbabwe, the study sought to come up with conclusions and recommendations, which are envisaged to map the way forward on the future of
developing countries in the multilateral trade regime.

1.1.5 Background of the World Trade Organisation

The World Trade Organisation is the legal and institutional foundation of the multilateral trading system. It was established on the first of January 1995, as the successor to the General Agreement on Tariffs and Trade (GATT). The purpose of the GATT was to constrain governments from imposing or continuing a variety of measures that restrain or distort international trade. Such measures include tariffs, quotas, international taxes and regulations which discriminate against imports, subsidy and dumping practices, state trading as well as customs procedures and a plethora of other 'non-tariff measures' which discourage trade.

Of the GATT's many rounds of trade negotiations, the Uruguay Round of Negotiation which was concluded in December 1994 is the one that provided for extensive trade liberalisation measures and for the establishment of permanent structure to oversee international trading procedures. The final Act of the Uruguay Round of GATT was signed in April 1994, in Marrakesh, Morocco. At the same time a separate accord, the Marrakesh Declaration, was signed by the majority of GATT contracting states, endorsing the establishment of the WTO.

The essential functions of the WTO are to administer and facilitate the implementation of the results of the Uruguay Round; to provide a forum for multilateral trade negotiations; to administer the trade dispute, settlement procedures, to review national trade policies; and to co-operate with other international institutions, in particular the IMF and the World Bank; in order to achieve greater coherence in global economic policy making.

The Uruguay Round (UR) of trade talks was convened as a result of the Ministerial conference of 15 - 20 September 1986 at Punta del Este, Uruguay. The agenda of the Uruguay Round of trade task involved not just trade in goods, but also the expanding services sector (GATS), which lay outside the ambit of the GATT although it represented 20% of global trade. It sought to provide proper protection for intellectual property rights
(TRIPS) to prevent items such as computer software, songs, videos and various brand goods like watches from being pirated and copied. It considerably improved the complex machinery used to arbitrate on international trade disputes and established a coherent framework between trade and other policies like economic growth and development by establishing the Dispute Settlement Body. To bring order to border protection, the agreement mandates the conversion of all Non Tariff Barriers (NTBS) except those justified under normal World Trade Organisation (WTO) exceptions (e.g. balance of payments) into tariffs (a process known as tariffication), subject to agreed maximum rates.

The assertion by the Ministerial Declaration concluding the Uruguay Round in Marrakesh April 1994 which reads "[The Uruguay Round] will strengthen the world economy and lead to more trade, investment, and employment and income growth throughout the world"\(^2\) also necessitated this study. This is essential since the Uruguay Round and the subsequent WTO Rounds forms an essential part of the backbone of the World Trade Organisation whose relationship with developing countries was the focus of the study.

1.2 Study Area

Figure 1.1: The Map of Zimbabwe

Source: www.pnm.my/mtcp/images/maps/zimbabwe-map.jpg
Zimbabwe is a landlocked country with a land area of 390 757km², of which 85% is agricultural land and the remaining comprises national parks, state forests and urban land. It has a population of 11.8 million (Central Statistical Figure, 2004 showing 2002 population census results). The independence of Zimbabwe in 1980 ushered in a black majority government. The government adopted the following economic strategies: Growth and Equity (1981), Transitional National Development Plan (1986) where it sought to redress the colonial imbalances. These policies aimed at extending the provision of services to the majority of Zimbabweans. According to the Government of Zimbabwe (GoZ) the economy evolved through phases of boom and slump, achieving high growth rates of 10.7% in 1980 with negative growth rates of -3.6% in 1984. There was a slight recovery in 1984 followed by negative growth trends between 1986 and 1987, followed by another recovery phase from 1988 to 1989. The increased provision of
general services such as health and education led to a rise in public expenditures, which for most of the 1980s made up to 45% of GDP. Budget deficit continued to rise from 8% in 1981 to 12% in 1984 (Dhliwayo, 2001:2).

In 1991, the GoZ introduced the Economic Structural Adjustment Programme (ESAP). This was an IMF/World Bank–sponsored economic reform programme. These multilateral agencies committed the following funds: the World Bank (US$798 million); the IMF (US$528 million) and the African Development Bank (US$473 million). The specific objectives of ESAP included:

- Reduction of the central government budget deficit, monetary policy and financial sector reform; strengthening of the monetary management credit creation; reduction of the inflationary pressures and liberalisation of the financial sector, civil service reform, reduction of the number of civil servants by 25% so as to reduce the public wage bill; the reform of public enterprises to eliminate budgetary burden caused by subsidies; domestic deregulation and investment promotion; liberalisation of investment and deregulation of prices; and protection of the poor and vulnerable groups through social dimensions programme (Government of Zimbabwe, 1990: 1-3).

In the years 1991 and 1992 inflation rose from 28,1% to 39,1%, due to the rise in the wage bill, reduction in food and other subsidies and price decontrol process. The 1991-92 devastating drought conditions reduced agricultural output by about 50%. There were increased imports through the Open General Import Licence system and imports financed from other lines of credit in order to provide the necessary raw materials and capital goods needed by various sectors of the economy on one hand. On the other hand, at the same time, exports grew by only 40% in US dollar terms. This poor performance was attributed to the negative impact of the 1990-91 droughts on agricultural commodities with the exception of tobacco, the world recession and the suspension of beef exports to European Economic Community (EEC) due to outbreak of foot and mouth disease. This situation resulted in worsening trade deficit. The implementation of ESAP during 1991 with delays in the disbursements of pledged donor funds resulted in increased
commercial borrowings and a significant reduction in net foreign reserves (Reserve Bank of Zimbabwe Quarterly Economic and Statistical Review, 1991:5-10).

On the eve of the signing of the WTO, at the end of December 1994, annual inflation rate was 25.8%. Over the year in 1995, the Zimbabwe dollar depreciated by 11.3% in nominal terms. In real terms, however the Zimbabwe dollar appreciated by 4.4% because of higher domestic inflation level. Table 1.1 has been drawn out in order to show the Zimbabwean export position on the eve of the signing of the Uruguay Round of negotiations.

**Table 1.1**

**Domestic Exports Classified in Sections and Principal Commodities**

<table>
<thead>
<tr>
<th>COMMODITY</th>
<th>1991</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>tonnes exported</td>
<td>Tonnes exported</td>
</tr>
<tr>
<td>Food(0)</td>
<td>4494</td>
<td>9512</td>
</tr>
<tr>
<td>Meat, fresh, frozen or chilled</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tea</td>
<td>11304</td>
<td>11620</td>
</tr>
<tr>
<td>Coffee</td>
<td>34627</td>
<td>10656</td>
</tr>
<tr>
<td>Raw sugar</td>
<td>142 453</td>
<td>143 985</td>
</tr>
<tr>
<td>Refined sugar</td>
<td>50 591</td>
<td>44 099</td>
</tr>
<tr>
<td>Beverages &amp; Tobacco(1)</td>
<td>1 038</td>
<td>5 716</td>
</tr>
<tr>
<td>Burley leaf, stripped &amp; scrap</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flue-cured leaf</td>
<td>42 590</td>
<td>25 047</td>
</tr>
<tr>
<td>Flue-cured stripped</td>
<td>61 313</td>
<td>122 771</td>
</tr>
<tr>
<td>Manufactured tobacco</td>
<td>14 786</td>
<td>134 431</td>
</tr>
<tr>
<td>Fabrics</td>
<td>22 797(000) m2</td>
<td>31 478(000) m2</td>
</tr>
</tbody>
</table>

Extracted from Central Statistical Reports of 1991 and 1996, Harare

The above figures show a meagre increase of the export quantities. Sugar and tobacco exports were high, with raw sugar increasing from 142 453 to 143 985 tonnes from 1991 to 1996 respectively. The above table also show larger exports of raw sugar as compared
to refined sugar. This could be attributed to the lack of initiativeness by the producers to add value to the sugar in order to increase refined sugar exports.

Table 1.2 below illustrates a sectional representation of the countries that Zimbabwe exported to during ESAP.

**Table 1.2: Domestic Exports Classified by Principal Countries, ZSThousand**

<table>
<thead>
<tr>
<th>Period</th>
<th>South Africa</th>
<th>Botswana</th>
<th>Namibia</th>
<th>Germany</th>
<th>United Kingdom</th>
<th>USA</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>321,666</td>
<td>213,524</td>
<td>2,926</td>
<td>426,118</td>
<td>394,919</td>
<td>235,865</td>
<td>59,613</td>
</tr>
<tr>
<td>1991</td>
<td>478,531</td>
<td>299,589</td>
<td>10,775</td>
<td>492,756</td>
<td>643,200</td>
<td>272,104</td>
<td>138,612</td>
</tr>
<tr>
<td>1995</td>
<td>2,011,583</td>
<td>788,324</td>
<td>141,228</td>
<td>1,318,418</td>
<td>2,059,238</td>
<td>760,717</td>
<td>489,529</td>
</tr>
<tr>
<td>1996</td>
<td>2,024,972</td>
<td>835,144</td>
<td>242,745</td>
<td>1,669,750</td>
<td>2,112,787</td>
<td>1,399,812</td>
<td>713,033</td>
</tr>
</tbody>
</table>

Source: Extracted from Quarterly Digest Statistics, Central Statistics Office, September, 1997

Table 1.3: Domestic Imports Classified by Principal Countries ZSThousand

<table>
<thead>
<tr>
<th>Period</th>
<th>South Africa</th>
<th>Botswana</th>
<th>Namibia</th>
<th>Germany</th>
<th>United Kingdom</th>
<th>USA</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>902,074</td>
<td>159,236</td>
<td>358</td>
<td>332,503</td>
<td>521,441</td>
<td>516,387</td>
<td>88,308</td>
</tr>
<tr>
<td>1991</td>
<td>1,870,719</td>
<td>226,576</td>
<td>974</td>
<td>698,279</td>
<td>1,129,380</td>
<td>404,405</td>
<td>57,512</td>
</tr>
<tr>
<td>1995</td>
<td>8,789,886</td>
<td>487,807</td>
<td>84,660</td>
<td>1,170,399</td>
<td>1,857,021</td>
<td>1,038,008</td>
<td>241,018</td>
</tr>
<tr>
<td>1996</td>
<td>10,767,347</td>
<td>384,576</td>
<td>110,473</td>
<td>1,365,002</td>
<td>228,803</td>
<td>1,406,857</td>
<td>214,698</td>
</tr>
</tbody>
</table>

Source: Extracted from Quarterly Digest Statistics, Central Statistics Office (CSO), September, 1997

Table 1.2 above shows that South Africa and Britain were Zimbabwe’s major trading partners during ESAP. The situation did not change even after the establishment of WTO as shown by the Table 1.4 below.
### Table 1.4: Summary of external Trade, Z$Million

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>DOMESTIC (INCLUDING GOLD SALES)</th>
<th>TOTAL</th>
<th>VISIBLE BALANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>30.208.3</td>
<td>36.555.7</td>
<td>-6 347.4</td>
</tr>
<tr>
<td>1998</td>
<td>44.927.9</td>
<td>59.344.6</td>
<td>-14 416.7</td>
</tr>
<tr>
<td>1999</td>
<td>81.944.7</td>
<td>83.407.3</td>
<td>-1 462.6</td>
</tr>
<tr>
<td>2000</td>
<td>94.998.3</td>
<td>83.030.5</td>
<td>11 974.3</td>
</tr>
</tbody>
</table>

Source: Quarterly Digest of Statistics, September 2000, CSO, Harare

### Table 1.5: Domestic Exports Classified by Principal Countries, Z$Thousand

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>SOUTH AFRICA</th>
<th>BOTSWANA</th>
<th>NAMIBIA</th>
<th>GERMANY</th>
<th>UNITED KINGDOM</th>
<th>USA</th>
<th>CHINA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>3 113 485</td>
<td>1 136 709</td>
<td>237 072</td>
<td>1 990 123</td>
<td>2 836 330</td>
<td>1 480 008</td>
<td>214 833</td>
</tr>
<tr>
<td>1999</td>
<td>8 436 112</td>
<td>2 626 818</td>
<td>787 543</td>
<td>5 700 322</td>
<td>6 949 876</td>
<td>4 203 032</td>
<td>3 958 087</td>
</tr>
<tr>
<td>2000</td>
<td>12 635 902</td>
<td>3 085 654</td>
<td>596 021</td>
<td>5 011 090</td>
<td>6 387 803</td>
<td>5 356 501</td>
<td>3 418 948</td>
</tr>
</tbody>
</table>

Source: Quarterly Digest of Statistics, September 2000, CSO, Harare

### Table 1.6:Imports Classified by Principal Countries, Z$Thousand

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>SOUTH AFRICA</th>
<th>BOTSWANA</th>
<th>NAMIBIA</th>
<th>GERMANY</th>
<th>UNITED KINGDOM</th>
<th>USA</th>
<th>CHINA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>13 361 970</td>
<td>722 188</td>
<td>100 504</td>
<td>1 693 262</td>
<td>2 688 604</td>
<td>2 026 019</td>
<td>386 054</td>
</tr>
<tr>
<td>1998</td>
<td>22 873 271</td>
<td>1 004 078</td>
<td>148 718</td>
<td>2 190 683</td>
<td>4 063 510</td>
<td>3 445 701</td>
<td>1 201 621</td>
</tr>
<tr>
<td>1999</td>
<td>33 981 641</td>
<td>1 157 517</td>
<td>234 610</td>
<td>4 341 699</td>
<td>5 454 233</td>
<td>3 879 052</td>
<td>1 533 812</td>
</tr>
<tr>
<td>2000</td>
<td>31 755 524</td>
<td>1 102 821</td>
<td>283 634</td>
<td>2 438 964</td>
<td>3 776 056</td>
<td>4 748 094</td>
<td>1 368 489</td>
</tr>
</tbody>
</table>

Source: Quarterly Digest of Statistics, September 2000, CSO, Harare

Tables 1.1-1.6 above show that Zimbabwe traded more with developed countries than with its counterparts in the region, except with South Africa. The fact that Zimbabwe imported more implies that the forex it obtained from selling its raw materials was lost as
it paid for the finished products it imported. Zimbabwe, like any developing country therefore remained a net loser in the trade equation. It is particularly important to note that during this period Zimbabwe traded mostly with its colonial master, Britain. Colonial legacy in Africa is mostly responsible for this trading structure, as the independent states have failed to delink themselves from colonial dictates.

Year 2000 has a significant impact on the history of Zimbabwe in that this is when the Government of Zimbabwe officially introduced the Fast Track Land Reform Programme (FTLRP). Through this programme, the government sought to compulsorily acquire land from white commercial farmers who were multiple farm owners, in order to distribute it equitably to the black majority people. This had several negative effects to the social, political and economic spheres of the country. The Land Reform contributed to the problems which were faced by Zimbabwe as it tried to handle globalization forces on international trade while at the same time dealing with problems on the domestic front.

Zimbabwe’s poor economic performance during the period under study can be attributed not only to the untimely and unprocedural implementation of ESAP but its unplanned land reform programme which started in earnest in year 2000. The manufacturing sector historically contributed about 20% to GDP, but this ratio has since gone down to about 18.6% between year 2000 and 2004. This sector was adversely affected by macro-economic imbalances, in particular foreign currency shortages required to import raw materials, declining and export demand for goods and services and deteriorating freight infrastructure. Drought and erratic fuel supplies also affected agro business industries (Reserve Bank of Zimbabwe (RBZ), 2003). Tobacco output declined by 52.6% from 172.8 million kilograms to 82 million kilograms between 2002 and 2003. The Reserve Bank of Zimbabwe (RBZ) attributes this problem to a reduction in the area under irrigation and high production costs. Beef and dairy production declined by 20.5% and 22.9% respectively between 2002 and 2003. RBZ argues that the drought of 2002, shortages of stock feeds and veterinary chemicals for dipping resulted in the loss of about 70 000 cattle, yet there is clear evidence to show that farm invasions in Zimbabwe resulted in the new farmers killing the beasts for consumption. There were also
allegations that the cattle were transported to neighbouring countries including Mozambique.

Wheat output declined from 213 tonnes in 2002 to 50 tonnes in 2003 due to high production costs, which could not be met by the new farmers who had a weak capital base. Cotton output increased by 19.9% to 220 tonnes in 2003 due to the promotion of cotton production, through cotton input schemes (RBZ: 2003). The mining sector declined by 9.8% in 2003, compared to a growth rate of 11.4% registered in 2002. This was as a result of negative growth rates in coal (-23%), chromite (-22%), gold (-19%) and asbestos (-12%). Nickel, platinum and palladium recorded growth rates of 18%, 85% and 78% respectively. In 2003, gold output declined by 19% from an output of 15 469 kgs in 2002. This production was mainly affected by shortages of foreign currency, rising production and fuel shortages. Due to similar reasons, coal output declined by 23% in 2003 from an output of 3 721 112 tonnes in 2002. The production of asbestos also declined by 12% in 2002 to 147 209 tonnes in 2003. Transportation problems has been cited as the major contributor to this decline. Zimbabwean asbestos also faced a total ban but other producers like Russia, Canada and Brazil were fighting the ban by arguing that chrysotile (white) asbestos mined in these counties is safe for human use (RBZ: 2003).

The annual inflation rate soared since 2000 to such high levels as 208% in 2003 and to 623% in January 2004. These high inflation figures were largely attributable to the decrease in investor confidence, speculative activities which resulted in cash shortages and the parallel forex market. Exports declined by 13.8% to US$1 204 million in 2003, from US$1 396.4 million in 2002. Poor export performance and negligible capital inflows, resulted in a continued downward trend of Zimbabwe’s balance of payments which declined in 2003 to an overall deficit of US$334.8 million, compared to US$496.3 million in 2002. Over that period in the SADC region, there was varied economic growth with South Africa’s Gross Domestic Product (GDP) increasing by 2.2% in 2003. Mozambique’s GDP increased by 7.1% in 2003 whilst Zimbabwe’s GDP declined by 9%

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3 Parallel market, which was also referred to as the black market means the informal or unofficial foreign exchange market.
in 2003. Developed countries’ economic performance generally continued to increase with that of the United States of America’s (US) GDP expected to increase by 4.6% in 2004. Terrorist attacks and the increase in oil prices continued to pose threats to the global economic performance.

From the above information, it can be noted that joining the WTO did not lead to the improvement of the Zimbabwean economy. This deterioration was precipitated by the implementation of structural adjustment programmes, the land reform process and policies of “splendid isolation”\(^4\).

1.3 Methodology
The research relied on material from both primary and secondary sources. Interviews, library and internet searches were carried out in order to obtain data for this research. Interviews with the stakeholders in international trade were carried out. This included officials from the Ministries of Finance; Industry and International Trade; Foreign Affairs; Competition and Tariff Commission; Zimbabwe Revenue Authority (ZIMRA); ZIMTRADE, an organisation for exporters and importers, ambassadors from various countries, civil society and the public in general. The researcher also visited the WTO headquarters and World Intellectual Property Organisation headquarters in Geneva. Quantitative and qualitative data analysis was executed expediently. Comparative analysis was also employed in an effort to justify the case under study. This was also employed in the examination of the practical relevance of the series of Development theories that form the philosophical and methodological foundation of the study.

The researcher attended a number of complementary seminars in Zimbabwe and in Geneva, at the WTO’s Headquarters in an effort to understand pertinent issues on the topic researched. These seminars were organised by various groups which include TRADES Centre, Southern and Eastern African Trade, Information and Negotiations Institute (SEATIN), Ministry of Industry and International Trade, ZIMTRADE, Institute of Development Studies (IDS) and Graduate Institute of International Studies (HEI). A

\(^4\) Splendid isolation in this context means international isolation as a result of the imposed sanctions.
presentation on the findings of the study was also made at the Graduate Institute of International Studies. These seminars helped the study because valuable input was therefore obtained from local, regional and international sources.

This study however, faced a number of constraints, such as the lack of classic and substantive literature on the case of Zimbabwe. This was because the area of study was a new area. It was a pioneering study. No scholarly study has been done on the WTO with specific reference to Zimbabwe. This was the first study that used scholarly literature on the subject. These problems were however, minimised by information obtained from primary sources.

1.4 Literature Review and Theoretical Framework

1.4.1 Political Economy Approach
Political economy has a variety of meanings. Lionel Robins (1976: 2-3), contends that political economy is concerned with principles of public policy in the economic field and therefore with prescription rather than description. In the article, Robins posits that a political economist searches for solutions to problems of policy. In relation to this description of political economy, this study attempted to provide alternatives to problems faced by developing countries relating to WTO. These policy issues include important questions in the process of policy making. The study examined the origination of policy, in terms of domestic and global input. At the country and regional levels, the involvement of civil society, member countries, government structures and people in general was evaluated. At international level, that is at General and Ministerial Councils the input from member states and civil society was evaluated in relation to outcomes of national and regional processes. Theories of political economy such as dependency, realism, idealism, liberal political economy and Marxism were examined as they apply to the study.

Liberal political economy originated in the classical political economy of the seventeenth to the middle of the nineteenth century. Such writers as Smith, Veblen, Ricardo, Keynes,
Galbraith, Shonfield, Myrdal and Rostow developed this theory. For the Greeks, political economy meant the art of managing public finances, revenue and expenditure of the public. Gamble (1983) advises that liberal political economy in the nineteenth century was organised around the concept of a market order. He discusses three assumptions made by liberal political economists: the assumptions of rationality, egoism and freedom. Individuals are assumed as rational since they maximise benefits than costs. This study has shown that developing countries pursue haphazard policies when dealing with WTO issues to the extent that they inculcate more costs at the expense of their citizenry. Rushing into signing agreements without consulting their nationals is a weakness inherent in most developing countries. The case study of Zimbabwe shows that government officials in most cases did not present the concerns of their nationals at Geneva or at Ministerial conferences.

The second assumption discussed by liberal political economists, is that market agents are not self-centred. This assumption is a fallacy because market agents such as Multi-National Corporations (MNCs) pursued self-interests in their endeavour to maximise profits. Developing countries like Zimbabwe cried foul over the dominance of MNCs such as Anglo American which made huge profits and whose large share was siphoned from Zimbabwe to develop their metropolis.

The last assumption made by liberal political economists is that all individuals must be free to buy and sell; competition must be open and fair. Whilst this is what idealists would prefer, the reality is that there seemed to be curtailed freedom in trade. This study revealed that member countries in WTO imposed both tariff and non-tariff barriers to curtail this freedom. The study showed that efforts made by members to limit this freedom injured less-developed countries mostly because of their over-reliance on exporting ‘sensitive’ products, which were also produced by developed countries and the latter again dictated terms of trade.

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5 Sensitive products are used in this study to refer to products which have a high export value to developing countries.
Liberal political economists on the one hand acknowledge the necessity of a strong state while on the other hand; it is suspicious of the state’s powers. This is why the approach calls for minimum state intervention, only to provide a regulatory framework, which will promote fair exchange and fair competition. This study shows that the WTO reduced government involvement in the economy irrespective of how much social damage it caused. Government’s involvement in developing countries was reduced because of its ineffectiveness in influencing WTO policy making. This means that trade policies were dictated from the international arena to the national arena for developing countries. It reduced the power of unions, worker’s rights and wages. It removed price controls, leaving multinationals to dictate the profits they wanted to make. The WTO called for the privatisation of goods and services, which includes health, education, water, transport, energy, tourism and the environment. The electoral mandate of governments was eroded as members of the WTO subjected themselves to international trade agreements.

Gill and Law (1988), assert that the emergence of international political economy as a self-conscious field of study took place in the 1970s. Therefore, the roots of a political economy approach to international economic relations go back centuries. Mercantilists made some early attempts to integrate politics and economics in analysing international economic relations. Marxists also began using the international economic approach in their analysis of capitalism. The political economy approach is useful in exploring the relations between the North and South. The North refers to developed capitalist countries of North America, Europe, Japan and Australia while the South refers to less-developed countries, of Africa, Asia, and Latin America.

Gill and Law (ibid) give insights into the reason why less–developed countries tend to be sensitive in their economic interdependence than developed capitalist states. They note that less–developed countries often tend to rely on the export of a small number of goods so that they are highly sensitive to change in the demand of their main markets in developed capitalist countries. Christ Edwards (1985:97), gives examples of such countries: 97 percent of Iraq’s total export value in 1977-79 was from oil, while for Saudi Arabia it was 94 per cent. Uganda obtained 93 percent of its export earnings from coffee,
while for Ethiopia, the figure was 72 percent, for Colombia, it was 62 percent and for Guatemala, it was 42 per cent. Sudan got 89 percent of its export earnings from cotton, while Zambia got 89 percent of its export value from copper. The study showed that Zimbabwe was in the same predicament with 32.5% and 30% of the total agricultural output (2002) coming from cotton and tobacco respectively. Gill and Law (op cit.) rightly point that developing countries like Zimbabwe do not benefit much from the export earnings since the latter is used to procure essential imports which consist of food, machinery and spare parts. Reliance on one product or a few product lines for export means that developing countries have small markets. Stephen Krasner (1985), argues that the existence of small markets for developing countries is the reason why less developed countries favour an authoritarian, as opposed to a market allocation of resources. This study revealed that developing countries like Zimbabwe are members of multi-lateral institutions such as the WTO in order to seek better terms of trade that they cannot solely obtain in international markets.

Realists predict that the international economic order will not be revolutionised unless there is a change in the power resources between nations, and especially between North and South. This is consistent with the calls made by developing countries for reforms by the World Trade Organisation (WTO) from 1995 (Marrakesh) to 2003 (Cancun). The study showed that Zimbabwe voiced its concerns mainly through seminars organised by the civil societies in that country. Different forums such as G77 and African Group have also called for reforms in the WTO. In their discussion of the global political economy, Gill and Law (ibid: 289) posit that the development of an effective alliance of the South is hampered by differences of ideology, culture, degree of industrialisation, interest in specific commodities and size. In the same section on obstacles to Third World unity, they point that these differences are exacerbated by border disagreements between regional rivalries. Ideological differences are no longer a big issue given the demise of the Soviet Union. The SADC and COMESA, regional organisations in which Zimbabwe is a member, exhibited characteristics pointed by Gill and Law. SADC’s degree of industrialisation varies from each member country, with South Africa being the economic giant alongside Botswana.
In terms of industrialisation, Zimbabwe trailed fairly well, behind South Africa and Botswana, until year 2000 when she embarked on a Land Reform process that proved less favourable to foreign investors since the protection of private property section of the constitution of Zimbabwe became vulnerable. Another factor which hampered member states within SADC and COMESA from obtaining meaningful benefits from these organisations is high tariffs which were charged by member countries, even though they both hoped to achieve zero tariff rates by 2012 and 2005 respectively.

The above discussion on the lack of unity in the South camp shows that developed countries are not entirely to blame for the problems faced by less developed countries. The latter failed to institute measures within their camps and individual states that would promote economic growth. Perhaps an explanation for such failures lie in the fact that divide and rule tactics by developed countries and colonial legacy factors hindered any efforts made by less-developed countries to unite against exploitation by developed countries. The study revealed that less-developed countries give more preference to trading with their former colonisers than amongst themselves. The South Africa-European Union Trade and Development Corporation Agreement (TDCA) of 2002 is an example where South Africa pursued its national interests at the expense of its regional partners by concluding this agreement, which had negative repercussions for her regional partners in SADC. European Union goods have already found a market in the region through South Africa. SADC countries do not have the capacity to monitor which goods are South African or European produced on their borders when they are repackaged. SADC is therefore exposed to cheap products (subsidized), which are coming from the EU at the expense of infant Southern African industries, which face closure and downsizing.

Liberal political economy has been criticised particularly by dependency theorists because of the dissatisfaction with the ability of the liberal political economy theory to adequately explain the nature of modern capitalism – centralisation and concentration of production, undermining of individualism, the rise of monopolies, economic crises, world
poverty and the rise in conflicts between national and regional communities. These features were inherent in the global trading regime under the period of study. WTO members were self-centred; their policies did not lead to a decrease in world poverty; conflicts between national and regional communities are features that prevailed in the multilateral trading regime. Karl Marx gave an alternative approach to liberal political economy. His critique is dealt with in the next section.

Gill and Law (ibid) posit that a central feature of the Marxist tradition is that the political economy is viewed as historically specific in nature, with successive and possibly overlapping epochs of development. These epochs: primitive communism, feudalism, capitalism and communism are defined in terms of modes of production, and class relations, which differ with each epoch. One can therefore infer that Marx would have classified the WTO stage as falling within the ‘late’ capitalism or the ‘super-imperialist’ after 1945. He said capitalism at that stage is understood as a world, as opposed to a national or regional system. Marx is in fact in agreement with globalisation, which relates to the interconnectedness of the whole world. For Marx, class struggle is the order of the day with the capitalist exploiting labour in order to obtain profit.

Traditional Marxists argue that the state acts, directly or indirectly, in the interests of the ruling class. This position conforms to dependency theorists who describe the centre–periphery relationship as hovering around the ruling elite of developing and developed countries who benefit from an exploitative relationship. This study showed that developing countries in most cases did not consider interests of their citizenry but they were concerned with pursuing their own interests in WTO negotiations. The Zimbabwean case revealed that consultations during WTO negotiations were severely limited.

According to classical Marxists, one function of the capitalist state is to support its national capitalist policies in the struggle for market shares, access to secure raw materials and foreign investment opportunities. The objective of increasing capital exports to avoid the rate of profit to fall is what classical Marxists refer to as a “law of
motion” (Gill and Law, ibid). It was very clear in this study that the principal objective of the WTO is to increase trade and promote the “law of motion”. The Trade Negotiating Committee constantly engaged in the process of reviewing each member’s commitments to reduce tariffs and non–tariff barriers in order to increase trade, and therefore higher profit margins.

Dependency theorists and Marxists, contrary to the views of liberal political economists argue that the world capitalist system makes inevitable the exploitation of less–developed countries by developed capitalist states. An example is that of IMF policies which were implemented by Zimbabwe in the 1990s but instead of creating economic growth, there was an economic slump. This is because, the policies were not only dictated upon as conditions of funding, but the international terms of trade were never favourable to developing countries. This includes high tariffs and non-tariff barriers imposed on goods coming from the South, which rendered any internal reforms inadequate.

Marxists insist that less–developed countries can only get a better deal in a socialist international economic order. This study proved that this group of theorists is far from realism because socialism is not consistent with the waves of globalisation in which comparative advantage results in the maintenance of the status quo, that is the capitalist global economic order. In this scenario, countries will produce what they can produce best. The study also proved that developed countries are not interested in improving other countries’ development status at the expense of their nationals. There is a scramble for markets among developed countries, especially between the European Union (EU) and US. Any trade agreements that they enter into, first serve their economic interests. This is why they are anxious to open up markets for their products when they are jealously protecting their own markets. EU’s farmers were granted protection under the Common Agricultural Policy (CAP) of the Treaty of Rome. The increasing strict Sanitary and Phytosanitary standards and other food and safety regulations in developed countries makes market access to these markets untenable (Nalung and Kivumbi, 2004).
1.4.2 Dependency Theory

Andre Gunder Frank (1967) is generally credited as the father of Dependency Theory. Frank’s theory was formulated as a reaction to both orthodox neoclassical work on development and to the views of certain traditional orthodox Marxists, in particular those prevalent among the Communist Parties in Latin America. Frank’s views were influenced by the structuralist theory of Prebisch and others in Latin America and by the work of the so-called neo-Marxists, especially that of Paul Baran. In fact, in the theoretical configuration of development economies, Dependency theory is perhaps best located on the continuum somewhere between orthodox structuralist theory and Marxism (Ruccio and Lawrence, 1987: 140). Both neoclassical and orthodox Marxist theories of development shared the central thesis that capitalism was a normal and central stage of development. For the neoclassical Marxists, capitalism was the end of development; while for the Marxist, it was a necessary stage to be transcended by socialism. In addition, according to Frank, both of these positions accepted a general dualistic view of the so-called Third World societies (Lawrence, ibid).

According to the theory of dualism, an economy of an underdeveloped nation has two sectors, one traditional and one relatively modern and developed. The two sectors are taken to be largely independent of each other. The modern sector is intertwined in the world capitalist market, while the traditional sector is in fact pre-capitalist and more or less untouched by capitalist market relations. (Lawrence, ibid; 141). The neo-classical theorists take the market to be the central institutional structure that organises economic activity and rewards efficiency. Individual actors in the market are taken to be rational. Instances where development has failed to occur are explained either in terms of the absence of certain necessary conditions or in terms of local conditions that distort the proper operation of the market.

Frank’s theory of Dependency begins with a rejection of the central thesis of this neoclassical dualism in the economy in which there is the underdeveloped and undeveloped capitalist sector. Rather, according to Frank, the era of European capitalist expansion, most areas, even the geographically remote, were incorporated within the
network of capitalist relations (Lawrence, ibid). Walter Rodney as noted by Ruccio and Lawrence (ibid), also supports this view as he makes an analysis that rail roads and roads in Africa were constructed mainly to facilitate imperialist and capitalist expansion.

Andre Gunder Frank also rejects the second thesis of dualism that the present condition of the undeveloped countries is similar to some original, development stage of the presently developed nations. He puts this as “The now developed countries were never underdeveloped though they may have been undeveloped.” (Frank, 1969: 3-6). Frank is not concerned of the condition he terms “undeveloped” since he says that the pre – capitalist conditions have little or no impact on subsequent development. Brenner criticises Frank for failing to elaborate on underdevelopment. Pre – capitalist conditions should be recognised since it is part of historical development of any nation. These studies recognised the importance of the historical background of the marginalization of developing countries in World Trade Organisation and investigated whether it had a bearing on the current national policies.

Frank states that underdevelopment is a condition that characterises the entire economy of a country, regardless of the different levels of sectoral development. It is a condition, moreover that characterises all the presently developing nations. This condition has some common external causal factor. Frank therefore undermines factors internal to the social and economic histories of the underdeveloped nations. His reasons are that it is highly unlikely that the histories of so many nations in different parts of the world with different initial conditions would have been such as to lead to the same outcome. (Ruccio and Lawrence, op cit : 143 ). In analyzing the WTO, this study pointed at both internal factors and external factors for playing a critical role in weakening negotiating positions of developing countries. External factors generally involve the global political-economic structure, which is dominated by developed countries. Internal factors include lack of national budget commitments; absence of a political will to adequately prepare for the negotiations by involving all stakeholders concerned; absence of a vibrant civil society interested in trade issues; inadequate dissemination of information by government departments involved in the negotiations; lack of expertise in trade issues and inadequate
staff. For dependency theorists however all these factors are because of external factors such as colonial legacy.

The so–called developing nations Frank suggests are better considered as underdeveloped rather than undeveloped in order to distinguish states of development historically produced from those that can be considered in some sense as “original” conditions. Those underdeveloped nations are then characterised as participating in a relation of dependency. It is because of their dependency relationship, that these countries are underdeveloped: that is dependency causes underdevelopment (ibid: 144). Zimbabwe maintained its dependency on developed countries by becoming one of the founding members of the WTO, as did Rhodesia in GATT. Zimbabwe is dependent on exporting its products to the North, mostly Europe. On attainment of independence, Zimbabwe failed to develop alternative markets. This is largely because of the preferential access it enjoyed under the Lome Conventions, currently being negotiated under the Cotonou Agreement. Despite these preferences, Zimbabwe did not increase or improve its production capacity and it continued to export largely raw materials.

It should be noted that the locus of dependency relationships in Frank’s model is the nation – state and relations between nations. The scope of the theory is properly the world capitalist system. Lacalau (1987) defines this capitalism as a system of production for the market, in which profit constitute the motive of production and this profit is realised for the benefit of someone other than direct producer, who is thereby dispossessed of it. According to this thinking, the relationship between developing and developed countries is characterised as monopolistic and extractive. In general, where neoclassical theorist would see a free market and mutual advantage, Frank sees a structure of monopolistic relations and surplus transfer.

Sanjaya (1987) provides a criticism of Frank.A.G. He believes that the central concept of the theory, that of a dependency relation, has not been adequately formulated. Sanjaya thinks that the concept seems to be defined in a circular or question – begging manner. He states “Less – developed countries (LDCs) are poor because they are dependent, and
any characteristics that they display signify dependence. In such tautologies definitions, “dependence” tends to be identified with features of LDCs which the economists in question happen to dislike, and ceases to offer an independent and verifiable explanation of the processes at work in the less developed world.” (ibid: 800). Sanjaya is therefore denying that there is a causal relationship between underdevelopment and dependence.

The various conceptualisations of dependency and underdevelopment are synthesised and recast as a distinct version of dependency theory in the work of Samir Amin. He brings together the notions of the world capitalist system, the articulation of the modes of production and the internationalisation of capital with a theory of unequal exchange. Amin presumes a world capitalist system that is divided into two fundamentally distinct parts – a core and periphery –, which are functionally related. In a manner that is consistent with Frank’s approach, he (Amin, 1976: 104) argues that “The structures of the periphery are shaped so as to meet the needs of accumulation at the centre, that is, provided that the development of the centre engenders and maintains the underdevelopment of the periphery.”

The core and the periphery poles were created by the history of capitalist expansion from the core. According to Amin, a core and periphery exist at all of the three stages into which he periodises capitalist development: mercantilist, premonopoly / competitive and monopoly/ imperialist capitalism. Amin explains that the dichotomy becomes “hardened” in the third, imperialist stage: from that point on, no country of the periphery or semi-periphery is capable of joining the core. (Ruccio and Lawrence, op cit: 175). The question to ask here is that with globalisation, will the periphery or semi-periphery be able to join the core? If they join, are there any benefits to be derived from this union? So far, policy outcomes as presented in this study on the WTO show that globalization is largely skewed in favour of Developed countries. Amin explains that the core has autocentric accumulation whilst the periphery has extraverted accumulation. The nature of development in the core is that it determines its own development as well as that of the periphery. Amin (1976: 104) discusses what he terms “blocked development” of the periphery. He states that “blocking” does not mean stagnation or the absence of change.
Rather capitalist development in the periphery is considered to be blocked because it does not reproduce the model of the developed world. What this means is that peripheral development is subject to periods of growth and crisis because of an external impetus. This uneven process continues to create inequality in the distribution of income.

Radical Third World writers like Frank (1969) and Amin (1977) extended Baran’s argument by emphasising that political independence would not be enough to overcome the core-periphery divide for the North-South gap. By 1980, most African countries had become independent except South Africa, which still had apartheid until 1990. They remained economically dependent on the North. Their trade and financing was concentrated in the North as they relied on exporting their commodities to developed countries and sourced finance from such organisations as International Monetary Fund (IMF) and World Bank and other banks from the North.

Dependency relations, in Frank’s view, require two parties, one dominant and the other dependent. This relationship exists between the various countries of the developed world and those that are underdeveloped. Hence the result of such relationships as metropolis / satellite, core / periphery, or centre periphery. He argues that there is an asymmetrical relationship, with the development of the metropolis being for the most part independent, that is, determined by factors largely internal to the metropolitan economy and society. Thus Dependency is a relation of unequal power. The metropolis has power over the course of development in the satellite, but not vice versa. Frank fails to explain that this dependency is not necessarily one sided. Developed countries can be said to be also dependent on the developing countries for them to be developed, for example in terms of most of raw materials that import from developing countries. Paul Baran (1973), an American Marxist described the ‘core’ and ‘periphery’ relationships, which exist under imperialism. He emphasised the role of transnational corporations in the draining of capital (surplus) from the periphery (underdeveloped countries) to the core. He defined core states as those with technologies that are more advanced and a favourable position in the international division of labour.
Frank and Amin (op cit) argue that the dependency of the periphery to the core was a structural feature of world capitalism. This is why this study concluded that the dependency relationship between the North and the South will continue to be a central phenomena in the WTO. The conclusion shows that the core will continue to develop with the underdevelopment of the periphery as noted also by A.G. Frank. Limited development, which occurs in the periphery, is ‘dependent development’ as suggested by Henrique Cardoso (1979). For this reason, Cardoso uses the term semi-periphery to cover intermediate states, which are relatively more developed than their counterparts in the periphery. The South East Asian countries like Malaysia, Indonesia are classified even in the WTO as middle-income earners, even though they are still developing countries.

For Frank and Wallerstein (1982: 235) “Imperialism is a term that covers any use by core states of their political strength to impose price structures that they find favourable on the world-economy”. They call this ‘informal imperialism’, whilst others call it ‘neo-colonialism’. Developing countries like Zimbabwe cried foul over the control of the international price structures by developed states. They have argued that the price structures do not take into consideration production and environmental stresses, which are faced by poor countries. They face such problems as technological backwardness, lack of subsidies in the production processes, transportation and drought-related problems. With all the problems, on the dominance of developed countries against the less-developed countries, radical Marxists saw socialism as the only salvation for the periphery. The end of the Cold War has also shown that socialism can never triumph in a world capitalist system, more so where globalisation is fast dominating the world economic system. This study offers alternatives such as changes in the national structures of trade negotiations, strengthening of regionalism in developing countries and structural and process reforms in the WTO.

Gill and Law (ibid) point out that international trade is a major way in which economic integration takes place. This study showed that the WTO brought together economies of different regions and states under one umbrella. Keohane and Nye (1977) observe that the importance of trade for developing countries is related to the concept of vulnerability interdependence in which many less developed countries are highly vulnerable because
of their extreme dependence on imports of certain essential goods and services. These include machinery, arms, technical knowledge and sometimes food. Keohane and Nye argue that less-developed countries have limited domestic capacities such that they find it difficult to effect policy changes, which can benefit their situation. Developing countries like Zimbabwe face challenges in implementing WTO objectives of increasing trade because of technical incapacities to apply the changes required.

Peter Blau (1964) rightly admitted that international trade promotes social stratification. This is vivid in the WTO structure, which is characterised by an international hierarchy of nations and classes. Its system recognises the formal distinction among developed, developing and least-developed countries. There are other groups such as the Quad (Canada, Japan, USA and Europe), Group of 77 (G77), Africa Group and the African Caribbean Pacific (ACP) countries. In the WTO, there are still other smaller groupings in the form of bilateral relations. Numerous groupings in the WTO is only a manifestation of the divisions inherent in less developed countries. A closer analysis will show that these groups were a creation of neo-colonialism forces. The Organisation of African Unity (OAU), now African Union (AU) for example was formed to submit a united front against colonialism and to forge African unity. The ACP states came together under the Yaoundé and Lome Conventions as they sought to develop relations with the European Union. Protagonist of the WTO argued that this multilateral regime reduced possibilities of international conflict. Realists such as Carr and Barry Buzan have criticised this view by liberal political economists because of conflict, which is inherent in global trade. The mere existence of the Dispute Settlement system and the increased number of cases that have gone to this body for determination is a clear fact of conflict in the regime. Writers such as Jagdish Bhagwati and Raoul Prebisch attempts to explain how and why developing countries may receive poor and even deteriorating terms of trade. Bhagwati (Wilson 1986) describes Third World primary goods as highly priced and income–elastic. Thus, as output expands, the price falls substantially. As a result, despite extra output, export earnings may decline because of low prices offered to their products. Raoul Prebisch (1978) agrees with Bhagwati that the demand for primary products is inelastic, whereas the demand for manufactures (such as cars and televisions) is elastic (increases).
Developing countries have continued to largely export raw materials to developed countries. This is why their export values have remained very low.

On realism and international economic relations, Law and Gill (op cit: 25) state the realist assumption as that international life is inherently conflictual, with anarchy the rule, order, stability the exception. It can be deduced that the realists are hard liners in that in international relations, there are conflicts but to say that they dominate this arena is purely superficial. This is because the post-1945 period saw increased efforts by members of the international community to regulate rules of the game in the international arena. The establishment of the United Nations (1945) General Agreement on Trade (1945) and the subsequent World Trade Organisation (1995), International Monetary Fund and the World Bank (1945) signifies the desire for peace, stability and justice in international relations. In the quest for such virtues the world community exhibited conflicts which mostly emanated from the pursuance of national interests and hegemony. Consensus building and the formation of coalitions within international organisations resulted in the pacification of conflicts.

Realists as observed by Gill and Law (op cit) assume that interests of each state, which is the primary unit of analysis in international relations, are found primarily in the impulses of survival, the search for security and the quest for power. Realists argue that human nature is relatively fixed, unchanging, egotistical and self interested. Results of this study show that states interests, even though they can have common traits over time, the characteristics of such interests can change depending with the dynamics in the environment at a particular point in time. At some ministerial conferences, developing countries like Zimbabwe submitted their positions on specific issues, but ended up accepting contrary policies because of the politics of predominance by developed countries, which existed at such conferences. Positions from developed countries often triumphed because of their political muscle. This study also revealed the dominance of the Quad (USA, European Union, Canada and Japan) members in imposing their decisions on other WTO members. An explanation of this dominance can be found in the realist assumption as provided by Gill and Law (op cit) that states are always in conflict.
because they value power for its own sake. According to this perspective, states pursue measures to increase the wealth of one nation (for example by seeking more foreign markets) are often seen as being at the expense of other nations. With respect to this study, such politics resulted in dependence of developing countries, largely on developed industrial nations. This form of dependence is what Keohane and Nye (op cit: 13) refer to as “sensitivity” and “vulnerability interdependence” in which changes in one country results in costly changes in another. For example, Zimbabwe, during the period under study remained vulnerable to change in the internal price structure. Agricultural products such as wheat, beef and tobacco which it exported and such products as oil, machinery which she exported to Europe contributed to a significant decrease in her foreign currency earnings. These products were affected by WTO measures such as tariffs, subsidies, sanitary and phytosanitary measures and the GATT Agreement.

The political economy approach is thus an important methodology in studying the stake of developing countries in the WTO. This approach helps to explain the power relations, which exist in the WTO, the declining terms of trade for developing countries and the existence of a world capitalist structure inherent in the WTO.

1.4.3 The Globalisation Discourse

This section discusses the globalisation discourse, which is applied throughout the study. The meaning of globalisation is explained. Various variances, which are important under this discourse, were outlined. These include the technological factor; globalisation and statehood; state sovereignty; the question of capital; globalisation and civil society; globalisation and regionalisation; and globalisation and sustainable development.

There is no consensus among scholars on the definition of globalization, or its effects on our lives and behaviour. Some scholars have attempted to explain globalisation as a political concept while others define the concept within the framework of recent economic, political and environmental settings. Some focus on the positive impact of globalization, still others emphasise its adverse effects on income and social inequality, and the poor. Others underscore the impact of globalisation on the nation–states and
argue that ‘nation states have already lost their role as meaningful units of participation in the global economy of today’s borderless world.’ (Kumssa, 1998: 8).

Globalisation is defined by McGrew (1992: 262) as:

…the forging of a multiplicity of linkages and interconnections between the states and societies, which make up the modern world system, as well as the process by which events, decisions and activities in one part of the world can come to have significant consequences for individuals and communities in quite distant parts of the globe.

Sculptors, HIV and AIDS patients, farmers, traditional healers in developing countries are now interconnected to developments at the global level because of WTO activities. These groups are affected by WTO agreements such as the Trade Related Intellectual Property Agreement (TRIPS), Agreement on Agriculture and the operations of the WTO. Messner (1998: 12) states that in simple terms ‘globalisation’ means that everything that happens anywhere in the world affects events in many parts of the world. He argues as supported by this study that the world is growing together - but at the same time it is also in danger of falling apart, because opportunities and risks generated by globalisation are distributed very unequally, both among nations and within individual societies. The failure of WTO Ministerial Conferences of Seattle and Cancun because of the growing rift between Developed and Developing countries on which policies to adopt shows how globalisation is enhancing the falling apart of the globe. The increase in anti-global movements led by Non Governmental Organisations (NGOs) from both the North and South shows a divided regime. Gonzalez (1998: 12) emphasises that globalisation of the economy and technology is leading to the internationalisation of negative developments like crime, drug trafficking, unemployment and on trade relations, money flows and direct investments. The major challenge is posed to developing countries whose internal structures have not been able to comprehend the changes required.

The participants of a seminar on ‘Globalisation challenges and opportunities for Zimbabwe’, hosted by the Confederation of Zimbabwe Industries (CZI), Zimbabwe National Chamber of Commerce (ZNCC) and Fredrick Ebert Stiftung Foundation in November 1998 noted that globalization had two themes. Firstly, there is globalisation as
a process of economic development in which there is interdependence of nations through trade and capital flows. This process, they argued seems to have been in existence for many decades but it intensified because of advances in technology development (Dzinotyiwei, 1998: 1). This view is also supported by Peres (1998: 1) who argue that...in my eyes globalisation was never an end unto itself. Globalisation is the result of development. We didn’t create it yet. Now, what happened is that the old frontiers and accepted definitions and conventions to which we were used, disappeared without us knowing it.

The second aspect of globalisation refers to regulations and rules that are propagated by such organizations such as the World Trade Organisation (WTO), European Union (EU), International Monetary Fund (IMF), United Nations Development Programme (UNDP) and others including our own regional economic organisations. These regulations have over the decades provided the framework for what one may call international governance for the World and all nations should play a part (Dzinotyiwei, op.cit; 1).

Discussing globalisation, Petras and Polychroniou (1997: 2249) define it as “-----an upsurge in international economic activity.” They however note that globalisation is as old as the history of capitalism itself. They argue that globalisation began in the 15th Century with the rise of capitalism and its overseas expansion, the conquest and exploitation of Asia, Africa and Latin America, and Australia. This shows that globalisation was from the outset associated with imperialism and its impetus was always centered around imperial state institutions, specific class configurations, extracting resources from the domestic economy to finance overseas conquest and private accumulation, exploitation of the third world, inter–imperial trade, trading companies integrating and appropriating resources and cheap labour and international exchange of unequal terms of commodities. Globalisation is viewed by Petras and Polychroniou. (ibid: 2249) as merely a new name, a sub code for capitalism, that subsumes diverse socio-political and economic processes. This study views the WTO as an appendage of colonialism. It has a neo-colonial agenda: to extract resources from the South to the North. This is why market access has the overriding effect on all the agreements, which aims at opening markets to the developed world.
Petras and Polychroniou (op.cit; 2250) further discusses the ascendancy and descendancy of globalisation. The ascendancy of globalisation is largely the product of capitalism forces defeating endogenous working class, peasant and small business political forces, capturing the state, enforcing anti–welfare policies and thus depressing living standards and creating state incentives promoting export strategies described as ‘globalization’. Summarily one can say that globalisation is the advanced state of liberalization. It is advanced because in liberalisation, yes there is the opening up of the economy but ‘the state is not captured’. Globalisation is therefore a neo-liberalisation concept. This study revealed that descendancy of globalization is a myth. It is not possible under this trading regime where making profits for Developed countries seems the ultimate goal. Delinking from globalisation is not a possibility. Even though there could have been criticisms by the general public in Developing countries on WTO agreements, their governments still proceeded to sign them as they succumbed to the globalisation forces.

1.4.4 Technology factor
Another driving force behind globalization is said to be the revolution in Information, Communication and Transportation Technology (ICTT). This has reduced telecommunication as well as transportation costs and thereby diminished the importance of distance in economic activity for developed countries and to a lesser extent, developing countries. The new computer–driven technologies facilitate information flows, increase the velocity of transfers and movements of capital and provide the communication networks that ease plant relocations. The decrease in transportation and communication costs means considerably narrowed ‘space’ and shortened ‘time’ that have made goods and factor markets very close and more interlinked (Kumssa, op cit: 10). Mazrui (2003), in his paper on whether globalisation helps or hinders democratization in Africa which he presented at a conference in Addis Ababa, points out that Africa is not always affected positively by globalisation. He gives an example of two universities in the United States that have more computers between them than Kenya, a developing country with a population of 30 million. This applies to Zimbabwe as well. This variation, will lead to what Mazrui and many others call a serious digital divide. Africa, it seems will remain backward when developed countries become digitalised. He
views globalisation as enhancing gradual villagisation of the world where different cultures are viewed as homogeneous. The WTO’s Agreements have not taken into account the diverse cultures of its membership. For example, this study revealed that Zimbabwe’s sculptors and traditional healers largely depended on ancestral spirits for innovation yet the TRIPS Agreement required them to register their innovations.

‘Technology’ does not determine the location of investment, research or design. The rates of profit determine how information will be utilised. The type of economic activity and location is a function of socio-political decisions and the states’ capacity to execute them. Politics is in command of technology. In other words the new technologies facilitate and provide resources for socio-political decisions made by whichever class and or economic institutions is in control of the state (Petras and Polychroniou, op cit: 11). The above point on technology also applies to the notion that ‘the market demands’. Only specific people organised in classes and economic institutions, for example, directors of the IMF and World Bank demand – in the name of the market – economic policies favourable to their interests. The market is a symbol or code word for capitalists and the World Market for capitalists linked to multinational corporations and banks (Petras and Polychroniou, ibid: 11).

1.4.5 Multi-National Corporations
Multi-National Corporations (MNCs) are generally perceived by both developed and developing countries as the principal agencies of globalisation. The only difference in their perceptions is that developed countries view the MNCs as contributing towards the development of international trade whereas developing countries criticise the dominance of these MNCs at the expense of infant industries in developing countries.

In order to reduce the cost of production and to maximise profits as well as to have a competitive edge over others in conquering markets, Multi–National Corporations are transcending their national boundaries and are investing in other nations. As Boisier (1997: 10) notes, ‘…the revolution made in technology has made possible the ‘breaking down’ of production processes into different stages at different localities without losing
efficiency and profitability’. Due to the high level of specialisation, the structure of manufacturing has also changed in such a way that the production process allows different parts to be produced in different countries where there are comparative advantages\(^6\) in production of these parts. The final goods are produced or assembled in a completely different country, thereby creating a ‘global factory’ and integration of production processes. (Kumssa, op.cit; 10). What is of importance here is to note the inability of developing countries like Zimbabwe to integrate the production process. Hence their failure to reap off from the spin–off effects of industrialisation. This study reveals that the ‘global factor’ disintegrates rather than integrates economies of developing country because of loss of power to control their own production, more so, the production of the final product of their raw material.

The negative effects of globalization on developing countries is also noted by Dzinotyiwei (op.cit; 1), Messner and Gonzalez (op.cit;12) that globalisation is increasing the influence of transnational operations at the expense of national governments in Third World countries whose control of some economic matters are being weakened. The growth of the global financial market is also said to be behind the energies of globalisation. Dube (1998), defines globalization as the internationalisation of markets or a situation where countries open up and become integrated to form one big village. With an emerging Euro currency and the accelerated growth of private capital, the traditional understanding of capital as being related to a particular country has lost its meaning. In other words, capital has become so internationalised that it has lost its national colour, making it very difficult to control the flow of finance among nations (Kumssa, op.cit; 10)

Another factor, which enhanced the integration of the world economy, was the demise of the Soviet system and the end of the Cold War. This led to the widening of the global markets and deepening economic linkages. At the beginning of the 21\(^{st}\) Century, competition between nations is no more for ideological supremacy but for markets and scarce resources (Kumssa, ibid). In support of this view, Kumssa (ibid; 9) argues that in

\(^6\) Comparative advantage is the ability of one country compared with another to produce a good at a lower cost relative to other goods. Under conditions of perfect competition and undistorted markets, countries tend to export goods in which they have comparative advantage (UNDP, 2003).
today’s global economy, geopolitics is ‘out’ and geo-economics is ‘in’. This view can however be questioned especially in the context of the North and South division. Geo-economics cannot be separated from Geopolitics; these two concepts are not separable. This means politics and economics of the nations and international relations cannot be separated from each other. This is infact why this study adopted a political-economic approach as its methodology. The issue of subsidies in the WTO for example, has greater political implications right from domestic to international level, even though a statistical analysis could make this issue seem only economic.

1.4.6 Environmental Factors

Another factor that has led to globalisation is internationalisation of environmental problems such as global warming and acid rain. These global environmental problems require global solutions, making international cooperation and policy coordination not only important but essential.

The main protagonists of globalisation are said to be developed countries since their economic institutions are ‘World Competitive’ and thus have nothing to lose and everything to gain from ‘free trade’ and ‘open markets’. Declining imperial countries combine restrictive and selective globalisation, pursuing openness where they still retain a superior competitive position while imposing state import constraints in sectors where they have lost competitiveness. Ascending developing countries with diversified industrial bases combine globalisation as a formula for export while retaining strong state regulation that controls inflows of foreign capital and imports that may hinder weak or newly emerging economic sectors (Petras. and Polychroniou, op.cit;2250).

It can however be noted that globalisation can increase the wealth of nations and become a foundation of a new international culture of cooperation. However, globalisation can also lead to ruinous new competition between nations as business expands its locations, triggering a new era of international conflicts. The direction that the development of globalisation will take depends on the responses of political leaders to these new challenges. The important question in respect of these leaders is who instigates and
controls globalisation? The following sections attempt to analyse the relationships between globalisation, state, capital, sustainable development and regionalisation.

1.4.7 Globalisation and Statehood

1.4.7 (a) The Question of security

Rana (2004) explores the problem of security\(^7\) faced by developing countries, like Zimbabwe, as they evolve into more effective statehood under conditions of globalisation. He identifies that there is some sort of antinomy between globalisation and territorial state, with the former rendering the latter redundant, although principles and values underlying democrats would continue to carry validity. This means that principles of self-determination, territorial integrity and non-intervention are preceded by international society characterised by global international society intervention to serve global principles.

Questions have been raised by many authors like Rana on whether globalisation is individual-centred or state-centred. As an attempt to answer this question, Article (ii) of the Marrakech Agreement, which established the WTO emphasises on the scope of the WTO that:

> The WTO shall provide the common institutional framework for the conduct of trade relations among its Members in matters related to the agreement and associated legal instruments included in this Agreement.

States are considered as the locus of operations in this international trade regime, hence there is no mention of dealing with individuals in these states in the conduct of WTO business. Benefits, which accrue to these states, are however, realised through individuals of these states. This position stems from the argument that goods and

\(^7\) This is human security which involves the ability of a state, in exercising the principle of self-determination and statehood to provide goods and services to its people and increase their choices and incomes. It means safety from hunger disease and repression. It protects people from threats to their incomes, food security and livelihoods.
services, which are subject to trade, are produced and consumed by individuals in member states.

WTO Information and Media Relations Division (2003) outlines 10 assumed benefits of the WTO traditional system which can be divided into state-centred and individual-centred benefits even though there are overlaps in these benefits. It is assumed by WTO proponents from developed countries that the lowering of trade barriers reduces costs of production and consequently reduces prices of finished goods and services and ultimately results in lower cost of living to individuals. WTO estimates that when a country protects its agriculture, the cost of its food goes up by an estimated US$1, 500 per year for a family of four in the European Union (1995), by US$3 billion per year added to US consumers’ grocery bills just to support sugar in one year (1988 figures provided by WTO Information and Media Relations, 2003). According to the WTO, import restrictions and high customs duties combined to raise USA textiles and clothing prices by 58% in the late 1980s. United Kingdom consumers paid an estimated £500 million more per year for their clothing because of these restrictions. For Canadians, the bill was around C$780 million.

WTO argues that globalisation of trade gives consumers more choice and a broader range of qualities to choose from. The organisation believes that lowering trade barriers allows trade to increase, which adds to incomes – national incomes and personal incomes. Individual are also said to benefit from trade since it stimulates growth and ultimately employment. This is however not always the case because of technology advancement which benefit some jobs in developed countries but hurt others in developing countries. Jobs can also be lost through competition from imports.

To some extent the WTO is still state-centred in that it aims at creating a rule-based international trade rather than power-based operations. This sense of neutralising power amongst its members is dealt with at state level. This is a promise made in realization of the fact that some states have more power than others even though they are in their
various forms. State-centred objectives also include proffering good governance and elimination of protectionism, which dominated the early decades of the 20th century.

Multilateral trade negotiations view the state as the epi-centre of trade relations whilst the benefits accrue to the individuals in Member countries as earlier noted. Rana (op.cit; 36 ) agrees with this standpoint by stating that the normative thrust of globalisation, continues to be dependent on states and gives this process, the political impetus required. The state constitutes the indispensable political agency, facilitating economic globalisation. Economic activities were predominantly state centred but with the advent of liberalisation and globalisation, various non-state actors, sub-national, national, regional and international institutions are involved in economic governance within a state. Rana is convinced that multi-centric economic governance is best performed by the state, which has continued a cogent hold on territory and people inhabiting it. The state is therefore required as an agent for multi-centric international economic governance. Non-state actors such as Non Governmental Organisations vehemently criticise such a stance. They have requested for audience at all WTO Ministerial conferences but have been denied audience.

**1.4.7 (b) State Sovereignty**

With the advent of globalisation state sovereignty has actually suffered erosion. This is because of the multiplicity of actors, which link up with both the national, regional and international community. Since the WTO is centred on states, the study agrees with Rana that the state is a crucial coordinator and facilitator between international levels of governance and the public.

When the state cedes its power to globalisation, one wonders whether this process is creating weak states or strong states especially developing countries that were in the process of developing statehood. Rana defines strong states as ideally states which are democratically governed, geographically and territorially well-demarcated and not subject to fission and separatism on grounds of religion, ethnicity, tribal and other such primordially unsustainable identities. The challenge faced by globalisation is to create
strong states, which will participate effectively in international relations against strong
states, which can abuse international societal and legal norms.

Togo, Sierra Leone, Rwanda and Zimbabwe are states, which cannot be regarded as
strong states if one is to go by Rana’s definition on democratic principles. They have
political problems, which have drawn international attention, though at different levels.
Ethiopia, Iraq and Sudan, though they are WTO observers they also have political
squabbles which render them weak states. This analysis is given against a background of
strong states such as United States, Germany, United Kingdom, Italy, and France, for
example. These strong states are in a position to manipulate international trading norms
established under the WTO. The Dispute Settlement system faces ridicule as a result of
such powerful states. The weak developing and least developed countries cannot face the
forces subjected to them by strong states, which are developed countries.

‘Strong states’ and ‘Weak states’ are components of globalisation, deeply rooted in the
notions of capitalism. This in fact is why Harshe (2004) posits a thesis that capitalism and
globalisation are inextricably intertwined processes. Both these processes are
characterised by unevenness between the developed and developing countries of the
North and South. The WTO recognises these imbalances by positing different formulas
for the two regions. These efforts will not bring equal development since the levels of
development can never be asymmetrical between the North and South.

It seems globalisation implies universalism but this brings the potential growth of
hegemonic states into question. Is it possible to have hegemonic states in globalisation
where interdependence is in motion? Hegemony means dominance, whether forced or
with consent. USA has followed hegemonic policies after the Second World War. In
this context, this hegemony is seen by its tendency to dominate the establishment of
international trading and international financial systems. Hegemony cannot be possible
under globalisation because of counter powers. The world has witnessed the use of three
power centres that is United States, Germany and Japan, which lead three powerful
trading organisations: North Atlantic Free Trade Agreement (NAFTA), European Union
(EU) and Asia Pacific Economic Community (APEC) respectively. This characterises the post-cold war as multi-polar or multi-power world (Hashe, 2004).

This study therefore regards the WTO as a counter – hegemonic project because it brings more than 110 members to negotiate and thus balance each other’s power. Even though such counter–hegemonic projects distilles the power of USA, they have failed to neutralise the power relations between developed and developing countries. Non-governmental organisations have since Seattle (held from 30 November to 3 December 2003), received a lot of attention by their protests over the negativities of globalisation.

**1.4.8 The Question of Capital**

Globalisation will continue to perpetuate the ‘culture ideology of consumerism’ (Sklair, 1991: 131) to Third World countries. This is because of its quest for the liberalization of trade. Third World countries like Zimbabwe, are traditional producers of raw materials and developed countries export back these products in their finished form. With reduced tariff and non-tariff barriers, the Third World become ready markets for developed countries. This process will therefore perpetuate the global capitalist economy in which developed countries will continue to exploit resources in the poor countries like Zimbabwe and expand the global consumer culture.

Scott (1997: 9-10) projects globalisation as a neo-liberal ideology in the following manner:

Globalization must be seen in part at least as the outcome of an idea and specifically the idea of a free market. [G] globalisation on such a view is the realization or side–effect of economic deregulation and the lowering of social costs within national communities … Deregulation … is not a response to competition, but a means of extending it into areas which were previously protected, or partially protected, from commodification. It is deregulation that undermines the ability of nation states to protect themselves from the social destructiveness of markets, but it is also
the nation state that is the key actor in bringing deregulation about internally … and externally … [C]contemporary neo-liberalism has been successful because it has persuaded many politicians, and perhaps voters also, that the direction of causality runs from economic development to political response and thus presents itself merely as an objective or at least neutral diagnosis rather than as a contributor to the emergence of the very conditions it purports to analyse.

Scott in the above assertion explains how globalization cannot dump the state as agent of globalization. Even though its citizenry is vulnerable to increased social costs, the state is forced by WTO resolutions to provide the conducive environment for globalisation by enacting deregulation processes. The case of Zimbabwe shows that developing countries would have preferred to protect their citizenry through such policies as price controls, subsidising agriculture and enforcing high tariffs to protect their industries, had it not been for liberalisation policies, which they were forced to adopt under both the IMF and WTO auspices. Infact since year 2000, price controls have been applied by the GoZ, though with limited success.

Amin (1997: 22) observes that, claims that contemporary capitalism has instantiated a global order are premature also in as much as they are to date, underpinned by no credible political, governmental or administrative structures at the global level:

No economy exists without politics and without a state. Therefore, economic globalisation logically requites the construction of a world political system able to respond to the challenge, a power system capable of managing social compromises at the worldwide level, just as national states manage them at their level. However, sufficient maturity does not exist in the area, not even among the group of dominant capitalist countries … In my opinion, capitalism is unable to overcome the growing contradiction between its economic
management in an increasingly globalised space, and its political and social management which remain fragmented among national spaces.

Amin argues that the neo-liberal discourse cannot respond to the challenges of globalization: to open up all frontiers to commerce, to capital and to the migration of workers. He observes rightly that capitalist states have opened their frontiers to capital but closed them to human beings. Amin posits the unrealisability of globalisation via the market. He surprisingly believes that socialism and barbarism are the only alternatives to achieve universalism (Amin, op.cit; 22). This view is surprising given the proven inability to govern international relations on socialist lines and in a barbaric manner.

Gray (1998), a conservative critic of neo-liberalism argues that global capital markets have destroyed the conditions of possibility for the Keynesian welfare state, rendering social democracy obsolete. He stresses that global capital markets have decisively altered the social relations of production worldwide, levelling or ‘harmonising’ them downwards, disembodying people from their local or regional networks, and submitting them to the tender mercies of a labour market that is essentially irrational and anarchistic, driven along blindly by technologically determined developments in the forces of production. Gray’s analysis is rejected by this study for failing to recognise those few interests, which benefit from globalisation. This includes the western banks, IMF, World Bank and rich elites. Lazarus (1998) supports this view by asserting that the problem of some of the globalisation theorists is that when sensing smoke, they do not cry fire; they prematurely pronounce the building destroyed–burnt to the ground, and everybody inside perished. He sees fatalism in their analysis.

Berberoglu (1997) believes that the internalization of capital has led to the acceleration of foreign manufacturing investment in the urban setting. This has encouraged greater rural to urban migration and facilitated the growth of cities and of urbanization in general. Rural to urban migration was a common phenomena in Third World Countries in the period under study where rural folks moved to cities in search of employment and
improved style of living. This created overpopulacy in the urban areas which resulted in the creation of shanty towns and semi-employed labour force. This form of settlement, has transformed social relations in a direction that is individualistic, self-centred and survival-based. Thus, globalisation has resulted in the erosion of indigenous cultural values.

Thompson (1997: 161-162) contends that states have to accept that if they are not to act against the interest of their societies, they should promote competitiveness of local actors and make their territory attractive to international capital investment. He agrees with O’Brien (1992) that the world is facing the end of geography and the end of the Left. This is because, there is little room for manoeuvre for traditional national public policies. Thompson, in the same article, states that global market forces are beyond governance. Therefore, states have to implement what is dictated by world market. All social activities are linked to globalisation and where society is uncompetitive; this would lead to capital flight. This implies that public policy should respond to the need of global markets. Neo-liberals support the globalisation process since they believe that the only way to survive is to compete, thus rendering social democracy dead. Thompson believes that long-term loyalty to society or to the firm is inapplicable under globalisation because there is no subsidisation in order to retain the unwanted in a society. Individuals and companies are thus free to relocate to where they are best served. Globalisation is therefore too pessimistic in nature. In such a world, there will be no need to trust or unite with anyone because competition is at the core of relations.

The above thesis contradict the reality on the ground in which states are at times welfares in nature. The Economist (1995: 15–16) reported the variations in the percentage of GDP devoted in public spending in 1994: 20% in Singapore, 33% in the USA, 49% in Germany and 68% in Sweden. The lack of uniformity in these figures shows that globalisation forces do not dictate on how much should be paid by the state, but these are polices which can vary from government to government.
1.4.9 Globalisation and Civil Society

Civil Society is an important factor in the globalisation debate because this group represents non-state actors. It is the realm of organised social life that is voluntary, self-generating, self-supporting, autonomous from the state and bounded by legal order or set of shared rules. Civil society is concerned with public rather than private ends. This institution relates to the state in some way but does not aim to win formal power or office in the state. Civil society seeks from the state, concessions, benefits, policy changes, relief, redress or accountability. The most basic function of civil society is to provide the basis for the limitation of state power, hence the control of the state by society. It supplements the role of political parties in stimulating political participation, increasing the political efficacy and skill of democratic citizens, and promoting an appreciation of the obligations as well as the rights of democratic citizenship. Civil society can also be a crucial arena for the development of other democratic attributes such as tolerance, moderation, a willingness to compromise and a respect for opposing viewpoints. This institution may serve democracy by creating channels other than political parties for the articulation, aggregation and representation of interests. This function is particularly important for providing access to power to traditionally deprived groups such as women and racial or ethnic minorities (Diamond, 1998). The functions of the civil society described here are in fact its traditional functions. It is important to discuss the relevance of civil society in the globalised environment.

Mafabi’s (2003) reflections on the challenges which globalisation poses to civil society, shows that the issue of funding collaborates for African civil society must be examined thoroughly. This is because the intentions of these donors are divided between the democratic ideals and the quest for profit. This hinges on the effectiveness of the civil society in approaching the aspect of sustainable development in relation to globalization. He emphasises that the civil society must promote awareness of issues on globalization and poverty and promote Pan-Africanism. This is a very optimistic approach to the democratic crisis created by globalisation because the villagisation of the world as noted by Mazrui (2003) poses threats to African identity. This is especially noted with the problems bedevilling the integration process in Africa. Southern African Development
Community (SADC), African Union (AU), Common Market of Eastern and Southern Africa (COMESA) and Economic Community of East African States (ECOWAS), for example have problems of dependency and allegiance to their former colonial masters. This is unlike blocs in the North, which are actually strengthening their identity in the globalization process such that their existence poses a challenge to universalism.

Chimanikire (2003) posits that the weakening of the state caused by globalisation processes such as the structural adjustment programmes has resulted in the increase of the civil society in economic development as they fill up the ‘development vacuum”. He notes that the weak private sector and the state’s withdrawal from the provisions of basic economic necessities and social services, has resulted in the increase in the number of civil society dealing with poverty alleviation. This study highlights the role of the civil society in the WTO negotiations in relation to the state. The differences between these two sectors in the current political and economic environment give revelations on how globalisation can affect state structures.

Civil Society therefore provides an important source of hope for developing countries that are exposed to social exclusion because of globalisation (Momoh: 2003). Momoh discusses social exclusion according to three schools of thought. The neo-liberal school, argue that globalisation seeks to eliminate social exclusion and inequality. The radical school sees social exclusion as the labelling of poverty and inequality, whilst the transformative school argues that rapid social change will leave certain people rich and others poor.

The discourse on civil society and globalisation reveals that developing countries are subjected to a modified societal structure because of this internationalisation process. The state ideology influences how the civil society will operate in a given space. A neo-liberal state will allow the civil society to operate freely to provide alternative developmental frameworks. This school therefore sees civil society as complimentary to the state’s role. There is no conflict between these two actors. A state controlled ideology will not allow the civil society to operate outside its framework. The ideology of the civil
society becomes subsumed in that of a state. There is a very thin line in terms of differences of these two sectors. This study discusses the participation of civil society in international trade in developing countries and Zimbabwe in particular.

1.4.10 Globalisation and Regionalisation

Whilst globalisation emphasises on universalism, regionalisation imposes geographical limitations. The debate that has been there is whether these two processes are inextricably linked or they formulate different strategies. Regional blocks are regarded as either building blocs or stumbling blocs to globalisation depending on the specific circumstances.

Regionalism is defined as that

…..body of ideas, values and concrete objectives aimed at establishing or enhancing the provision of wealth and security within a particular region, usually developed through a formal program or strategy that results in some form of institutional building (Soderbaum, 2002).

Vivid in this definition is the aspect of regional institutionalisation of activities. The problem with such a definition is how to distinguish a regional from an international organisation. This is because of the multi-lateral relations, which are created by a regional organisation. For example, the European Union and African Union, though regional in outlook, they have international discourses. These definitions are contrary to the definition given by the World Bank (2000) which describes regionalism as an inward-looking instrument of industrial development. Instead, regionalism has also been seen as a political device designed to complement the conventional relations of states as a diplomatic framework for international cooperation of a restricted nature (Udokaing 1978). An analysis of the development of the European Union (EU) against that of Southern African Development Community (SADC) should give pointers to whether these regional blocs are agents of globalisation or stumbling blocs. The EU encourages as
well as resists globalisation (Hudson, 1999: 29–62). The European Union, which was formed in 1992, evolved from the European Economic Community, which was formed in 1958 following the signing of the Treaty of Rome on 25 March 1957. From the initial 15 European Union members, the European Union now boasts of 10 new members from Central and Eastern European countries (CEECs), that were ruled by socialist regimes until about 1990. The EU has a well-developed customs union, which requires the removal of quotas and tariffs among member states and has common tariffs that apply to all imports into the Union from other countries.

The European Union is a formidable force in international economic relations. Its common agricultural policy (CAP), which was introduced in 1962 to ensure supply of food at stable prices and a reasonable standard of living for farmers is criticised by developing countries for forming a stumbling bloc against poor countries’ export performance, forms the cornerstone of EU protectionist policies. These policies prohibit other WTO members from accessing the EU market. Whilst the CAP policy is the epicentre of EU’s integration, it also has a potential to cause disintegration. This is because the new 10 members’ economies are heterogeneous. This brings problems in economic convergence.

The EU however fosters globalisation by reaching out to other regions and international regimes. The EU-ACP (Africa Caribbean and Pacific) trading agreement in relation to WTO negotiations enables EU to promote international trade. This harnesses the interactiveness of different regions. A closer analysis of this scenario may however imply that EU can foster its policies by carrying out divide and rule tactics in the WTO. The EU-ACP negotiations therefore become back-door negotiations to further EU’s interests.

In 1996, SADC Heads of States and Governments signed the SADC Trade Protocol (STP) as an integral part of the SADC Treaty. SADC, of which Zimbabwe is a member, has faced serious challenges as globalisation forces engulf it. When the Southern African Development Coordination Conference (SADCC) transformed itself in 1992 and took the
objective step of setting the legal framework to establish a Free Trade Area (FTA), it confused the regional picture since all its member states belonged to either Southern African Customs Union (SACU) or the Common Market of Eastern and Southern Africa (COMESA) (Greenberg and Turner, 2004). Dual membership in this bloc has weakened commitment to its objectives. Out of its 14 members, South Africa and the BLNS countries (Botswana, Lesotho, Namibia and Swaziland, are all members of SACU, whilst Angola, Democratic Republic of Congo, Mauritius, Malawi, Namibia, Seychelles, Swaziland, Zambia and Zimbabwe are members of COMESA. Lesotho, Mozambique and Tanzania (Tanzania has since left COMESA. It remains a member of SADC). South Africa dominates the SADC bloc with its Gross Domestic Product (GDP) contributing 71 per cent of the $184 billion, total GDP of SADC. The existence of a free–trade area SACU, within SADC, also tilts trade in favour of SACU. Thus, multiplicity of regional organisations can actually weaken the existing ones as resources are further distributed to other powerhouses.

SADC’s Trade Protocol which entered into force on 25 January 2000, aims that by the end of eight years (2008), 85% of all trade will have zero tariffs, and that by the end of 12 years (2012), the figure will have reached about 98% so that there will be virtually no exclusions (Grynberg and Turner, op cit). A protectionist tendency by member countries is resulting in little progress in adopting the Trade Protocol. For example on the rules of origin, SACU wants to exclude the use of imported plastic waste in order to protect South Africa’s polymer industry. SADC and COMESA’s different policies will also complicate the SADC Trade Protocol. The two blocs have adopted different rules of origin. COMESA's rules of origin are based on value criteria (35 per cent value added or 65 per cent wholly produced. SADC has different rules of origin for each chapter head i.e. the rules are applied on a product – by product basis (Grynberg and Turner op.cit).

SADC faces limitations because of various political, economic and social challenges. Unlike EU whose origins were premised on the fear of another world war in Europe, SADC was borne in the content of political solidarity, to fight against apartheid. The challenge for SADC is thus,
The need to overcome deep-seated psychological and political mindset that views political co-operation as synonymous with regional economic integration, almost becoming self-defence against the development of an institutional framework that would in effect guide and assist SADC towards that goal (Evans, et al, 1999: 21).

The above discussion, points to the fact that SADC has inherent problems, which makes deeper integration a myth for this bloc. Its problems are premised on scourges of Africa’s history—racism, colonialism and underdevelopment. This makes its establishment less significant in terms of the threat or challenges posed by other regional blocs like EU to multilateralism. Conversely, it is globalisation, which is a threat to SADC as it is caught by this force—weak, unprepared and divided.

1.4.11 Multilateralism

It is important to analyse whether regionalism could reverse multilateral trade liberalisation. Schiff and Winters (2003) discuss the three elements of multilateralism as:

- **Indivisibility** – the system is a whole in that the actions of one party affect all parties and each party acknowledges its allegiance, to the whole.

- **Generalised rules of conduct** – interactions between parties are governed by widely recognized general principles rather than ad hoc particularistic interests.

- **Diffuse reciprocity** – all parties expect to gain from the system but do not demand precise reciprocity in every separate transaction.

Using this criteria, regionalism undermines multilateralism since it defies the Most Favoured Nation (MFN) principle. This is because the MFN principle extends bilateral agreement to all members. In Regionalism, non-discrimination is only exercised for members in that bloc. Since there is the existence of regionalism within multilateralism, this means that there is an existence of an imperfect multilateralism system.

The hypothesis that regionalism results in protectionism should not be taken on a face value. Foroutan (1998) attempted to settle this matter through empirical observation of the behaviour of blocs. She concluded that trade reform preceded regional integration
agreement(s) (RIA) membership, as happened in Argentina, Brazil, Mexico and Turkey. She argues that, at the country levels (RIA) members have not reformed (examples are members of the Central American Common Market (ACM) in its early period, and African RIA members), whereas plenty of non-RIA countries, including Chile, Indonesia, and Korea, have done so. This shows that trade reform clearly involves much more than RIA membership alone.

Bond, Syropoulos, and Winters (2001) examine the relationship between RIAs and multilateralism. They observe that as the bloc deepens, its trade with the rest of the world tend to decline even though international trade will increase. The bloc will lower its tariff when non-members persist they do so instead of risking a trade war. A new equilibrium is created with the lowering of the tariffs, which will result in increased international trade. This means that protectionism can actually be a stimuli for freer trade, as blocs prevent trade wars.

There is a hypothesis that regionalism can spur multilateral negotiations. Schiff and Winters (2003) reveals that many commentators argue that the creation of the European Economic Commission (EEC) in 1957 led directly to the Dillion and Kennedy Rounds of GATT negotiations and the United States sought to mitigate the EEC’s potential for diverting trade. This is however not true because of the international community realisation that multilateral negotiation could prevent major wars. Secondly, the agriculture gave impetus to the formation of EEC. Thus, the latter has been dampening multilateral trade negotiations in agriculture. Here, one can argue that the actions of effective RIAs such as EEC can limit the ideal operations of multilateralism. In a regionalised world, it is not beneficial for a country to remain outside a region. Accession to regional blocs is however difficult because of the resistance created from inside. The argument for such retrogressive action is that there needs to be somebody outside to exploit, for a regional grouping to be effective. If the European Union extends its membership to all the African, Pacific and Caribbean countries, its current membership would lose out from all the concessions agreed upon.
Regionalism does not promote multilateralism because the regional blocs are heterogeneous. They are different in size and strength and will thus always out compete each other. An example is that of the Southern African Customs Union (SACU) and SADC. These two RIAs are immensely different in terms of economic strength, management and even on the membership basis. Schiff and Winters (op.cit), argue that if several blocs of roughly equal size formed, it is possible (but not certain) that these blocs would subsequently negotiate with each other to achieve global free trade. One can only but imagine the whole world organised in a few blocs, organised along EU lines.

RIAs make multilateral trade negotiations easier. This is because negotiating within coalitions is more powerful than individually. This system also reduces the number of players represented in a negotiation (Krugman 1993; Kahler 1995; Schiff and Winters 2003). From this perspective, developing countries are better off negotiating trade concessions as blocs than individuals because there is more insurance and assurance in such entities. Casualties that one would suffer as an individual are more than that of a bloc. This position is however counteracted by the fact that most regional blocs’ membership has economic disparities. In the SADC region, there is varied economic growth with South Africa’s GDP increasing by 2.2 % in 2003. Mozambique’s GDP increased by 7.1 % in 2003 whilst Zimbabwe’s GDP declined by 9 % in 2003. The European Union has such disparities. Figures obtained from the European Commission (2001) show that in 2003 Britain had a GDP growth rate of 2.2%; Austria 0.7%; Portugal -1.2%; Greece 4.5%; and Netherlands -0.95%. These disparities are now significant given the accession of 10 former Eastern countries to EU. This scenario often results in the reflection of policies of the dominant economies at the expense of weaker parties. SACU is an example in which South Africa dominates the policy outlook of SACU.

Regional blocs can be used to hasten/facilitate trade negotiations on tough issues. Major powers have so far succeeded, practising this. They build coalitions for their own policies before taking issues into a multilateral round. EU is using this strategy in its negotiations with ACP countries. Agreements, which are going to be reached between
these two parties, can be used to predict EU’s stance towards developing countries in future multi-lateral negotiations.

The preceding chapters elaborate the discussion of the relationship between regionalism and the WTO. RIAs are permitted under the WTO but the extent to which they can promote or oppose multilateralism is discussed. The relationship between SADC and WTO is investigated.

1.4.12 Globalisation and Sustainable Development

The term ‘sustainable development’ assumed international prominence following the publication of the Burndtland Report (World Commission on Environment and Development, 1987) and the wake of the Earth Summit of 1992 (Bartelmus, 1994). The term refers to a form of socio-economic advancement which can continue indefinitely without exhausting the world’s resources or overburdening the ability of the natural systems to cope with pollution (Yearley, 1996: 131). Many development policies have been engineered and adopted by developing countries, in their quest to improve the welfare of their citizenry. The continuity of such programmes have however proved difficult since they are exogenously imposed. Similarly, where policies have been endogenous, ad hoc programmes which are short timed have been adopted.

Structural Adjustment Programmes (SAPs) were applied to many developing countries as conditions for IMF and World Bank funding. Typically, a SAP has three basic features:

1. Preventing economic and social management by the state through various types of deregulation: getting rid of price controls, state withdrawal from marketing and distribution of resources; eliminating investment controls, etc.

2. Integration into the world market involves the abandonment of any aspiration to self-sufficiency in favour of specialization by national economies in sectors in which they have ‘comparative advantages,’ sometimes stemming from low pay.
3. Reducing the economic and social role of the state by narrowing the state’s field of responsibility and its targeting of public services and social security. (Volodin, 2004: 74).

The problem with funding premised on such conditions, is that development produced is short-term. For example, in Zimbabwe with market deregulation introduced in the 1990s, consumers were introduced to various players on the market. This led to a decrease in monopoly and availability of a variety of products on domestic market as competition became the norm. This benefit was short-lived as over expenditure on imports resulted in balance of payment deficits. The productive sector did not improve to levels which could sustain forex earning from exports. Instead, local products continued to face world market distortions caused by subsidies and other protective policies implemented mainly by developing countries.

Despite the availability of the social safety nets, through the Social Dimension Fund (SDF) and Poverty Alleviation Action Plan introduced in 1990 and 1994 respectively, the majority of Zimbabwe citizenry suffered with the rise of poverty, unemployment, schools drop outs and a decline in the numbers of people reporting to clinics and hospitals (Mlambo and Pangeti, 2004: 166-173). The negative effects of the SAP has been lamented by Lennock (1994) when he argues that contrary to World Bank claims, social expenditure in Zimbabwe has not succeeded in shielding the poor from adjustment. The local products continued to face world market distortions caused by subsidies and other protective policies implemented mainly by developing countries. The burden of adjustment has largely been borne by the poor, both in terms of falling real incomes and reduced access to health and education services. Fuelled by political problems and inflation, the Zimbabwean case shows that this SAP did not bring sustainable development to Zimbabwe and any other African country. The Structural Adjustment Programme in Zimbabwe only managed to increase the debt crisis faced this country, just like what this programme did to many other developing countries. Even though the success cases of Japan, South Korea and China (Taiwan) are often cited as success cases for liberalisation policies, such claims lose sight that these economies have been highly
state-directed (in the form of indicative planning) and public enterprises have played a significant role at crucial stages of economic development. It was only after attaining the required level of economic development that the government is now performing important supervisory and regulatory functions in these economies (Volodin, op.cit).

The results of structural adjustment programmes that were introduced by most poor countries show that liberalisation of economies does not necessarily result in sustainable development. The state cannot give up on its society by ‘rolling back its frontiers’. The state should protect the welfare of its citizenry and not become a slave of liberalisation policies. The prospects of yielding sustainable development through globalization or liberalisation are bleak for poor countries like Zimbabwe. The achievement of sustainable development requires high levels of domestic savings and private investment. In Africa, the savings ratio declined from the 1990s when most states adopted SAPs. For instance, in 1996, the savings ratio in Africa was 16.2 percent of GDP compared to 27 percent in 1980; the investment ratio was 17.8 percent of GDP compared to 23.3 percent for the same two periods. Africa also experienced a downward trend in the share of the Foreign Direct Investment (FDI) it attracted. In 1970, Africa received an annual average of more than 16 percent of all developing nations’ FDI flows, compared to 10 percent in 1980 and about 5 percent in the 1990s. Between 1990 and 1996, Africa’s share of FDI fell from 11 percent to 6 percent (ADB, 1997: 11 – 12).

Lack of saving and investment programmes resulted in the poor countries resorting to the vicious debt cycle. Corruption which permeated all institutions of society, hindered the development of transparency, good governance and accountability which were required if sustainable development was to be achieved. Corruption resulted in the misuse and misdirection of funding meant to improve economies of poor countries. Globalisation did not improve the investment crisis faced by poor countries. For MNCs, globalisation means the expansion of neo-liberal business practices to enable greater quantities of profit into their coffers. This situation did not change their behaviour from that of colonial times where they siphoned all profits out from poor countries as they developed overseas states.
MNCs emerged as winners from the globalisation process via the exploitation of cheap labour. Nike’s use of workers in ‘sweatshops’ is an example where this MNC subcontracted its sports shoe industry to countries like Indonesia, with low-wage, and low-human rights. Huge profits which are obtained from such business transactions are never used to develop the locals.

Furthermore, MNCs became winners of the globalisation process especially during the debt-crisis in the 1980s when most Third World countries failed to pay their foreign debts. MNCs, devised along with western banks and governments, the idea of debt for equity swapping which entailed exchanging debt for a tangible asset in a debtor country such as ownership in industrial plants and other business units, thus taking over most strategic companies in most poor countries. In Zimbabwe, Anglo-American was in charge of most mining and forestry activities. Coca Cola, Schweppes and Castle companies dominated the production of drinking products. MNCs were therefore capable of destroying local industries and manipulate local operations, to their advantage.

Globalisation did not foster the development of the local financial sector. Apart from IMF and World Bank, Western banks have made super-normal profits from the 1980s when the debt servicing became a problem for poor countries. Harrod (1992) reports that as of 1986, over 60 percent of the US$1, 351 billion third world debt was owed to Western banks. The largest holders of the debt are British and American banks who hold 25 percent combined. Globalisation of finance will therefore not relieve poor countries of their poverty quagmire. Such economic crisis has resulted in the dependency on the West for assistance.

Subsumed in the notion of sustainable development as discussed in this study is the issue of human development. It is important to analyse whether liberalisation of trade as envisaged in the WTO will result in human development. More often trade has been linked with the aspects of economic growth as an index of development, forgetting that development is about people’s advancement, creating a range of choices for every human
being and advancing basic human freedoms and rights. The concept of human development implies that people must participate in the process that shapes their lives. They must help make and implement decisions and monitor their outcomes (UNDP, 2003). This study revealed that general populace is not aware of WTO policies and activities. The civil society and governments from developing countries have not adequately disseminated information on such processes in order to make way for their citizenry to participate in the negotiations.

Jahan (2000) discusses the relationship between economic growth and human development. He argues that economic growth is necessary but insufficient for human development. The quality of growth, not just its quality, is crucial for human well being. Growth can be jobless, rather than job creating; ruthless rather than poverty reducing; voiceless, rather than participatory; rootless, rather than culturally enshrined; and futureless, rather than environmentally friendly. He rightly concludes that jobless, ruthless, voiceless, rootless and futureless is not conducive to human development. For developing countries, the WTO has largely not offered opportunities for human development. It has not created jobs for these people, has not provided an official platform for their voices to be heard, negotiations have not been culturally based and neither have they considered the future of these developing countries.

The 2003 UNDP report highlights that there is a two-way relationship between trade and human development. It correctly asserts that countries with low social and economic indicators are generally compelled to export primary or low value-added products. Over the long run such exports fail to raise skill levels, productivity and technological change. On the other hand, the report correctly reveals that countries that invest in building people’s capabilities can engage in production and trade that raise productivity, which can generate a virtuous cycle of better human development and trade. The examples of Haiti and Vietnam expounded by this UNDP report show how different trade policies can produce different results in terms of human development. The report accounts that since the mid-1980s Vietnam took a gradual approach to economic reform, following a two-track programme. It engages in state trading, maintains import monopolies, retains
quantitative restrictions and high tariffs (30-50%) on agricultural and industrial imports and is not a member of the WTO. Yet it has been phenomenally successful, achieving a Gross Domestic Product (GDP) of more than 8 percent a year since the mid 1980s, sharply reducing poverty, expanding trade at double digit rates and attracting considerable foreign investment. The report argues that despite high trade barriers, it has rapidly integrated with global economy.

On the other hand, the same UNDP report notes that Haiti undertook comprehensive trade liberalisation in 1994-1995, slashed import tariffs to a maximum of 15 per cent and has removed all quantitative restrictions, yet its economy has gone nowhere and its social indicators are deteriorating. It is a member of the WTO but it has made little progress in integrating with the global economy. These two cases raise serious challenges for Zimbabwe in terms of which policies to pursue. This study revealed that implementing trade liberalisation policies as envisaged in by the WTO has not helped to integrate developing countries with the global economy. Though attributable to a number of factors including liberalisation, Zimbabwe’s exports have deteriorated and poverty, unemployment and industrialisation are at their worst under the WTO regime.

The discourse of globalisation shows that this process is not a zero sum game but it has both winners and losers, depending on the issue in question. Developing countries have however been largely losers in this process. They are weak states, with poor economies and less industrialisation and high unemployment rates. African states were affected negatively by globalisation because of their complex situation caused by neo-colonialism, dependency, conflicts, poverty and poor management policies. The next chapter discusses global trade as a political economic regime.


Harrod, J. (1992), *Labour and Third World Debt*, ICEF.


Reserve Bank of Zimbabwe, Monetary Policy Statement, (2003), Harare, December.


CHAPTER TWO: THE WORLD TRADE ORGANISATION: A POLITICAL ECONOMIC BACKGROUND OF GLOBAL TRADE

2.1 Introduction
A brief history of the political economic background on global trade will be dealt with in this chapter, followed by an analysis of the World Trade Organisation (WTO) and developing countries. This approach will enable an assessment of the effects of the WTO regime on developing countries in general and Zimbabwe in particular. Global trade has gone through a historical development that does not necessarily involve radical change in policies but change of faces and terms. International trade in the 1930s was characterized by protectionism. It is believed that failure to control beggar – thy – neighbour policies such as high tariff and competitive devaluations led to economic breakdown and contributed to domestic political instability and international war. In order to ensure economic stability and political peace, states agreed to co-operate to regulate the international economic system. It is important to note that protectionism developed in different forms in an endeavour by states to form a liberal international trade order. The formation and subsequent operations of the General Agreement on Tariffs and Trade (GATT), International Monetary Fund (IMF) and World Bank has witnessed the dynamism of protectionism in international trade.

2.2 Post World War Two Quest for New International Economic Order
The same factors that led to the creation of a well managed international monetary system after World War II (WWII) also led to the first attempt to subject trade to systematic control. These factors include issues of liberalism, peace, cold war and American policies and economy. There was a shared belief among the developed countries after World War II that liberalization policies, if implemented in the international economic system would maximize economic welfare and would enhance peace (Spero, 1985: 26). It should be noted that from this period, liberalization of the international economic system was a brainchild of developed countries. During the war, internationalists like Cordell Hull, the United States (US) secretary of state from 1933 to 1944 had argued that a malfunctioning of the international economy, by protective tariffs, unfair economic
competition, restricted access to raw materials and autocratic governmental policies, had caused the global crisis of the 1930s. (Kennedy, 1989: 463). Free trade policies were also advocated by US industrialists who viewed overseas markets as very important in absorbing products of America’s enhanced productivity. America also wanted to control strategic materials such as oil, rubber and metal ores (Kolko, G. 1968: 6-7).

The United States committed itself to the creation of the new world order beneficial to the need of western capitalism since it had the assurance from Adam Smith that “--- the more efficient distribution of resources brought about by unimpeded trade would raise productivity all around and thus increase everybody’s purchasing power” (Balfour, M. 1981: 15). Thus, it can be noted that United States was committed to policies, which could make it richer. The quotation of Adam Smith is however only correct if one is analysing it in the context of economies of developed countries. Liberalism can result in more efficient distribution in and among developed countries. One would be mistaken to think of efficient distribution of resources between developed and developing countries. This is true given the control exerted by developed countries over strategic resources.

The United State’s willingness to provide leadership in the international system cannot be overlooked. The US had realized from the Great Depression that the international system needed a leader and US could take this role. The US had a Gross National Product\(^8\) (GNP) in 1939 of US $88,6 billion as compared to US $135 in 1945. Its productive plant had grown by 50% and physical output of goods by 50%. At the end of the war, US had $20 billion of gold reserves, almost two-thirds of the world’s total of $33 billion. By the end of the war, the US was the greatest exporter of goods as it supplied one-third of the world’s exports.

The economic power of the US was reflected in its military strength. It had the biggest number of personnel and the largest navy. Above all, the US had atomic bombs, which it promised to unleash, and destruction upon any future enemy as it did at Hiroshima and

\(^8\) Gross National Product is the total value of new goods and services produced in a given year by a country’s domestically owned factors of production, regardless of where. GDP is the total value of new goods and services produced in a given year within the boundaries of a country, regardless of by whom.
Nagasaki. (Kennedy, P. 1989: 460 – 462). The US therefore had a vision of whipping all nations into its line of thinking. This policy of US was extended to such international bodies such as International Monetary Fund (IMF), the International Bank for Reconstruction and Development (World Bank), the General Agreement on Tariffs and Trade (GATT) and the United Nations Congress for Trade and Development (UNCTAD). Many decision-makers saw US as the light to the future as exulted by Henry Luce of Life magazine that America “… is the key to the future… America must be the elder brother of nations in the brotherhood of man” (Steel, R. 1977: 10). The Europeans and Japanese economies had been devastated by war and they needed American assistance in reconstructing their economies. The US hegemony was extended by the creation of the Marshal Plan (1947) or European Restoration Plan, which permitted funds to be released for industrial redevelopment of the “free world”.

In support of the American initiative, the State Department explained:

The only nation capable of taking the initiative in promoting a worldwide movement toward the relaxation of trade barriers is the United States. Because of its relatively great economic strength, its favourable balance of its market to the well-being of the rest of the world, the influence of the United States on World commercial policies far surpasses that of any other nation. While cooperation of the United Kingdom will be essential to the success of any broad program to reduce trade barriers, the prospective post-war position of the United Kingdom is such that its cooperation can be attained only if it is assured that strong leadership will be furnished by the United States (Gardner, 1980: 9).

The outbreak of the Cold War also led to US to assume leadership as it built a front against the Soviet Union. If it had not assisted in the reconstruction of Europe and Japan, the Soviet Union would have come out of the Cold War a political victor. At home, the Congress supported these leadership policies since there was a wide perception that America’s isolationism policies in the WWII had resulted in the collapse of the economic system and that of peace. Thus, economic co-operation was sought by many countries
not only to rebuild Western economies but also to provide for their political and military security.

Thus the US initiated that the international economic system be managed in order to sustain peace and economic development. It should however be noted that at this stage developing countries were only an interest to United States in so far as impeding the extension of the Soviet Union’s force of socialism in the Cold War.

2.3 The International Trade Organisation

In the quest for a new international economic order, a number of international negotiations were set in motion. One of the most important negotiating process at the time was the United Nations Conference on Trade and Development held in Havana, Cuba in 1947 after lengthy preparatory stages in New York, London and Geneva. The conference ended with the adoption of the Havana Charter, which called for the creation of the International Trade Organisation.

The convention offered rules for all aspects of international trade – tariffs, preferences, quantitative restrictions, subsidies, state trading and international commodity agreements. More than fifty countries attended the conference. Almost all major powers were present at the creation of the International Trade Organisation. These included those with mixed economies as well as laissez faire ones, the developed and under-developed, the imperialist world as well as the colonized. Only the Soviet bloc absented itself but it too had been present behind the scenes. It is the researcher’s contention that most of nations did not want to be left behind in such issues for fear of isolation. There was a lot of interdependency as nations were involved in nation building and reconstruction. A two-tier camp that was forming that is the American bloc and Soviet Union block determined who was present at whose meetings. America and Soviet Union were backed by their allies.

The agreement on a new international order for trade was more difficult to achieve than was the agreement on a monetary order. At the Bretton Woods, the United States and
Britain dominated decision-making. The US was very influential at crafting the Havana Charter but the participants faced domestic challenges that led to disagreements. Britain for example, insisted on provisions for its Imperial Preferential System; other Europeans insisted on safeguards for balance-of-payments problems; and the underdeveloped countries demanded provisions for economic development. Therefore, the challenge that these countries faced from the beginning of the negotiations in 1943 was how they can establish a system of balanced mutual advantage.

The fate of the Havana Charter was decided by US trade policies. Congress destroyed the broadest multilateral international trade agreement that had ever been negotiated. The Roosevelt and Truman administration had led the international system through negotiations. There were however a lot of critics on what could be traded off by US. The traditionally high tariff policy of the Republican party, the opposition of both the protectionists who felt that the Charter went too far, and the liberals who felt that it did not gone far enough towards free trade, and the opposition of business groups that opposed compromises on free trade and at the same time feared increased governmental involvement in trade management formed a front against America’s own Charter. This led to United State’s withdrawal from the Charter since the Truman Administration did not submit the Havana Charter to the Congress (Spero, J.E. 1985: 94 – 95).

One can note that the International Trade Organisation failed largely because the driver of the ship decided to let it sink because of various obstacles encountered. What is however important is that the US had realized the importance of the formation of an international trade order. It will be interesting in the preceding section to see how an idea of forming an international trade organisation was abandoned in 1948 only to resurface five decades later in 1995.

2.4 The General Agreement on Tariffs and Trade (GATT)

GATT was formed by accident. Pending the entry into force of the Havana Charter, a mechanism was needed to implement and protect the tariff concessions negotiated in 1947. In order to achieve this, it was decided to take the Chapter on Commercial Policy
of the Havana Charter and convert it with certain additions into the GATT. A Protocol of Provisional Application was developed in order to bring GATT into force quickly. Thus the GATT was born as a provisional agreement until such a time as the Havana Charter would be ratified. The Protocol of Provisional Application entered into force in January 1948.

The protocol of Provisional Application of the GATT was signed by 23 countries. These original contracting parties were Australia, Belgium, Brazil, Burma, Canada, Ceylon, Chile, China, Cuba, the Czechoslovak Republic, France, India, Lebanon, Luxembourg, Netherlands, New Zealand, Norway, Pakistan, Southern Rhodesia, Syria, South Africa, the United Kingdom and the United States of America. Twelve of these countries were developed and 11 were developing. It is important to note that there were only two African states: South Africa and Southern Rhodesia which participated in this negotiation. It is important to note that at this stage, Southern Rhodesia was administered as a colony and therefore the black majority did not participate in GATT’s activities since they were excluded from government.

The General Agreement on Tariffs and Trade (GATT) was established as a provisional treaty to serve until the Havana Charter was implemented. In the preamble, the contracting parties agreed to enter into:

…reciprocal and mutually advantageous arrangements directed to the substantial reduction of tariffs and other barriers to trade and to elimination of discriminatory treatment in international commerce… (Dam and Kenneth, 1970: 39).

GATT was based on two principles, that is non-discrimination and reciprocity. The principle of non-discrimination laid its existence on the praxis of the most-favoured-nation principle, which stipulated that:

…any advantage, favour, privilege or immunity granted by any contracting party to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the like product originating in or destined for the territories of all other contracting parties. (Dam and Kenneth, 1970: 392).
The only exceptions to this general rule of equal treatment for all were in regard to existing preferential systems and future customs unions and free trade associations. Unfortunately it seems this system of exceptions though justified by the crafters have largely contributed to the failure of the principle of non-discrimination. From the onset one can note that developed countries never envisaged a full fledged liberalization of trade but the one with exceptions meant to protect their empires of control.

GATT’s rule of reciprocity meant that tariff reductions were to be mutually advantageous. This means that country A can make concessions to reduce tariffs to a country Bs product when the two will mutually benefit from the deal. If one did not find the outcome advantageous, the proposed agreement did not go into effect. GATT did not provide further specification of what was “reciprocal” or of what was “mutually advantageous”. This means that GATT depended on the discretion of parties involved in an agreement in the determination of reciprocity. Similarly, Arthur Dunckel, Director – General of the GATT from 1980 to 1992, observed, “Reciprocity cannot be determined exactly, it can only be agreed upon” (GATT Press Release 1312, March 5, 1982). An agreement was only made possible by parties who had concessions to give which enabled them to receive concessions. Developed countries therefore benefited a lot using this principle as a measure of success for GATT. Developed countries made many concessions and therefore they impliedly envisaged mutual benefits from the trade off. The table below has an illustration of how US made many tariff concessions with developed countries than developing countries during GATT.

Table 2.1 US Imports Covered by Kennedy Round Tariff Concessions (Reductions plus Bindings) as a Share of Total US Imports from the Country Group.

<table>
<thead>
<tr>
<th>Country Group</th>
<th>Share (Percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major participants</td>
<td>70</td>
</tr>
<tr>
<td>Other Industrial Country Participants</td>
<td>49</td>
</tr>
<tr>
<td>Active developing country participants</td>
<td>33</td>
</tr>
<tr>
<td>Other developing countries</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Finger Michael J. (1979: 435)
Developing countries, as shown on the table above were the net losers in US imports tariff concessions. As long as it is the discretion of such powerful states as the US to make concessions using the principle of reciprocity, benefits of Less Developed Countries in such multilateral trade negotiations remains less meaningful.

GATT had an established secretariat and a Director General to oversee the implementation of its rules and carry out preparatory work for international trade conferences. It is important to note that this secretariat whilst it could oversee the implementation of GATT’s rules, it had no enforcement powers. A member could decide for non-implementation of an agreement and the secretariat had non policing powers. GATT was therefore formed as a stopgap measure as the international community waited for the implementation of the Havana Charter, which proved to be still born. GATT became an international organisation aimed at stimulating international trade and production. Tariff reductions were to be implemented in a non-discriminatory fashion and on a reciprocal basis. National trade policies became liable to international scrutiny.

GATT’s efforts were complimented by the creation of the International Monetary Fund (IMF) in 1944. IMF was designed to promote the stability and liberalisation of international monetary transactions. Most important, the IMF provided credits to countries with balance-of-payments deficits. This ensured an adequate global supply of foreign exchange and provisions for capital mobility to finance trade flows. To facilitate the post-war recovery the planners at IMF created the International Bank of Reconstruction and Development or World Bank. It gave loans and issued securities to members of the IMF. What is important to note is that this Bretton Woods institution, IMF was and is still driven by developed countries since it follows a system of weighted voting. This has resulted in unfair conditionalities being imposed on Less Developed Countries in exchange of loans. Experience has shown that whilst these conditionalities are applicable to developed countries, home-grown policies are better for these poor countries.
Thus one can conclude that the formation of GATT, the World Bank and IMF formed the basis of reforms in international trade. A new international economic order required reform that went beyond the formation of institutions. Democratisation of these institutions and the provision of unattached aid to developing countries would have taken Less Developed Countries a step higher in international trade.

The period 1947 to 1995 proved beyond any reasonable doubt that GATT failed to sustain international trading order. This section seeks to identify and discuss the parties that contributed to the failure of GATT. The European Economic Commission (EEC) contributed significantly to the failure of a liberalized international trading order. United States of America had encouraged a European Union as a way of strengthening the West. United States of America, as a leader in trade liberalism at that time sought to ensure that the European Union remain open and non-discriminatory through the passing of Trade Expansion Act of 1962 and the Kennedy Round initiative. Events proved however that by the late 1960s, the European Union was closing in its trade relations. The EEC implemented the Common Agricultural Policy (CAP), which barred unwanted imports, set artificial prices as long as they protected European farmers and nationals’ incomes and stock levels. Unpredictable external tariffs on agricultural products were charged to ensure that imports would be more expensive than domestically produced goods. Export subsidies were paid in order to avoid storage of huge food surpluses. This means that the surplus food would just be dumped to other countries through very unclear policies.

Members and non-members of GATT suffered greatly for having their goods being vetted by EEC policies. United States of America, despite its economic dominance had its exports to EEC being drastically reduced. Stanley Andrews (1973: 26) accounts that when the EEC was established, US exports of grains and rice to the EEC in 1965 to 1966, before the imposition of variable levy, totalled $708 million. In 1969–1970 after the imposition of the levy, these dropped to $327 million. Similarly, the value of poultry in 1965 – 1966 amounted to $32 million, whereas in 1969 – 1970 they amounted to $14 million.
One can conclude that the very objective of forming GATT by removing protectionist tendencies and destructive domestic policies were being undermined by EEC. This is because agricultural interests in the EEC just like in the US and Japan wielded economic and domestic power. Concessions on agriculture would therefore threaten domestic set up and would threaten the very foundation on which the EEC’s political contract was built: the exchange of high agricultural prices for France in return for reduced tariffs and a large market for German – manufactured goods (Spero, ibid: 105).

The EEC became a major stumbling block by continuing its preferential trading system. This system was contrary to GATT’s principle of non-discrimination. Thus, one can conclude that whilst GATT’s system aimed at creating a plain platform of international trade, the EEC was busy building modified and deformed platforms. It extended its preferential trading system to less developed countries hence establishing a vicious cycle of dependency.

Japan became a member of GATT in 1955. After the Second World War, Japan was largely involved in economic reconstruction. This process contributed to its following a policy of protective nationalism. Japan viewed GATT as a means of dominating vulnerable economies. The US and most European countries continued to discriminate against Japan as several of its products had limited entrance. Japan is significant because in 1968 it had the world’s third largest gross national product after the United States and the Soviet Union and had become one of the world’s major trading powers. It remained to a great extent implementing a protectionist system. (Spero, Joan E. 1985: 105).

There was a lot of criticism in the US following the Kennedy Round (1963 – 1967) for a multilateral free trade system. This was because US economy was weakening; some industries were being threatened by the liberalization of trade. The US balance of trade was declining and the EEC and Japan’s protectionist policies were crippling US trade. Many organisations in US responded by calling the government to introduce restrictions on US trade. The expiry of the Trade Expansion Act in June 1967 meant that the president had limited authority to make minor tariff adjustment thus his authority to make
international agreements expired. The US enthusiasm to play a leadership role in multilateral trade was therefore limited with the domineering status of the Congress over the Executive.

In 1972, Congress passed the Foreign Trade and Investment Act, known as the Burke–Hartke bill. This bill was highly protectionists as it mandated extensive quotas on imports (Spero, ibid, 108). Despite the fact that this bill was not voted for, President Richard Nixon persistently fought against its pressure. Stagnant productivity, oil shock, rising inflation and the first trade deficit in 1971, led American to the thinking that its active role in international trade was inevitable. In 1973, President Nixon submitted a Trade Reform Bill which became an Act in 1974. Under the bill the president was given greater authority than ever, to conclude trade agreements: the power to eliminate tariffs completely, to remove a broad range of non-tariff barriers, to grant preferences for exports for underdeveloped countries, to grant MFN status to state trading countries to carry out new adjustments assistance programmes and to retaliate against the unfair trade practices of other states and to increase trade restrictions in case of domestic injury. The 1974 Trade Act seems to have laid the pillars of US policy in trade relations since latter negotiations (round) have great manifestations of such US policies.

Thus one can conclude that the backtracking of US from its liberal trade views of 1947 to protectionist policies from the 1960s contributed to the failure of GATT to reform international trade. One can see that it was not only economic problems in US that caused this backtracking but trade policies that were being implemented in other countries such as the EEC and Japan that led to US losing its momentum as a leader in international free trade lobbying.

2.5 The Marginalisation of Developing Countries in GATT

The exclusion of developing countries from the global economic order manifested itself as early as the GATT regime period. Yash Tandon, Chakravarthi Raghavan and Chandrakanti Patel are among authors who have presented this case at different platforms. This section will highlight how developing countries were marginalised under
the GATT regime in order to give a clear background of this marginalisation which was explored under sections on WTO in this study.

In 1987, Chakravarthi Raghavan gave an account of the exclusion of developing countries in WTO matters within 40 years of operation. For a start, developing countries were largely not invited to the celebrations to mark GATT’S 40th anniversary. For this reason, he called it a “rich man’s club”. Raghavan reveals that there was no transparency in GATT since no press nor business nor consumer NGOs were permitted to be present. GATT documents were restricted and released to the media after internal approval. Raghavan strongly believes that reporting of GATT issues depended on the Secretariat’s view and those of the three major trading blocs.

On this inauguration, Paul Volker, the former US Federal Reserve chairperson, referred to many restrictions on Third World exports which were sanctioned by GATT such as the Multi-Fibre Arrangement, the not so sanctioned ‘grey area’ measures of voluntary restraints, the increasing reliance on ‘safeguard’ clauses and the non-application of GATT to agricultural trade (Raghavan (1987)). Volker however made a controversial recommendation as he called upon international financial institutions to provide needed financing for countries liberalising trade and to withhold funds for countries that do not conform to this condition. This condition is still retrogressive to developing countries because international financing has resulted in heavy debts being accrued by developing countries. Opening their markets to developed countries should not be used as a carrot for access to international financing. Mahbub Ul-Haq raised concern over the lack of universality in GATT, since the Soviet Union and other Socialist Countries were excluded in GATT. Willy De Clerck of the European Union argued that the Socialist bloc could not become part of GATT since free trade and homogeneity were fundamental principles of GATT. Most ministers from the North were at this inauguration.

Kahler and Odell (2004), asserts that developing countries played a peripheral role in past GATT negotiations because of three reasons. They argue that the structure of the negotiations themselves suggested that a relatively passive stance made sense. They
argue that trade negotiations, particularly tariff negotiations on a reciprocal basis, did not offer many incentives for smaller economies to participate actively because they had little to offer, since they are not principal suppliers or large markets and given the MFN status, they could still enjoy the resulting benefits. Participation of this group was also passive since developing countries did not accept the principle of reciprocity. The other problem highlighted by these two authors is that developing countries had alternative negotiating forums such as the G77, which allowed a North-South dialogue. Even though developing countries’ participation was passive in both the Kennedy and Tokyo Round, these countries improved their participation in the Uruguay Round of negotiations, with Mexico and China applying for accession. The liberalisation agenda of the New International Economic Order (NIEO), prevalent in the 1980s promoted the interests of developing countries in the Uruguay Round, which advocated for trade liberalisation policies.

UNCTAD studies in the 1980s identified major symptoms confirming the erosion of the multilateral trading system (Raghavan 2004). These include the:

(a) --- neglect of the unconditional most-favoured –nation clause principle of GATT, through the application of discriminatory trade measures applied, in the main, against developing countries and usually in the so-called voluntary export restraints, or the “unconditional” application of codes on non-tariff measures;

(b) An increased resort to managed trade mechanisms, which involve a control of the qualities, price and often the sources of imports;

(c) The use of arrangements in favour of the developing countries (notably GSP) to obtain negotiating leverage with those countries;

(d) The inadequacies of conciliation and dispute-settlement procedures;

(e) The use of trade measures for non-economic objectives;

(f) A failure to respect multilateral obligations in national legal systems. An opposite tendency now appears evident, i.e. that of attempting to modify multi-lateral commitments so as to legitimize practices in domestic trade law;

(g) An increase in recourse to bilateral rather than multilateral arrangements;
The problems mentioned above sought to draw attention to the challenges, which members faced with GATT, and largely these affected developing countries more than developed countries, since the unbalanced trading regime was not transformed for their meaningful gain. Developed countries continued to dishonour their commitments made under various GATT Rounds. In May 1984, Uruguay presented a joint position paper relating to the improvement of world trade relations through the implementation of the GATT programme. The paper highlighted the worsening international environment for developing countries and the fact that previous rounds had failed to ensure additional benefits for them (Patel, 2004). It pointed out that since the end of the Tokyo Round in 1979, developed countries had intensified the imposition of restrictive trade measures against developing country exports. In opposing the suggestions for a new round of trade negotiations, the paper called for the implementation of the past commitments undertaken by developed countries in previous rounds of trade negotiations and for the completion of the 1982 GATT work programme.

Despite such misgivings, developing countries had pressures to initiate a new Round. Pressure mounted soon after the conclusion of the Tokyo Round, with US seeking additional markets for its services. The US also sought more reciprocity as it argued that its markets were more open than any other country (Patel, ibid). US was of the opinion that its interests were no longer served by a loose and flexible GATT, but rather needed an all-powerful and wide-ranging WTO. The launch of a new Round was also supported by the then Director General of GATT, Arthur Dunkel in 1984. The Organisation for Economic Cooperation (OECD), supported the new round. The Association of Southeast Asian Nations (ASEAN) and a number of Latin American countries supported the new round. This saw the establishment of the Uruguay Round of negotiations in Punta del

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10 Ibid, para 1.

11 Ibid, para 2.
Este in 1986. The Uruguay Round of negotiations was concluded in 1994 and was concluded with the creation of the World Trade Organisation (WTO), which is the main thrust of this study. The Uruguay Round of negotiations took seven and half years. By the end of the negotiations, 123 countries were taking part. Unlike its predecessors, the Uruguay Round covered not only trade in goods but also services and intellectual property rights. The negotiation process was however complex and sometimes contentious (Hoekman, 2002). From the above analysis, it can be noted that there are many factors that led to the collapse of GATT. Domestic politics and the decline of American dominance, greatly contributed to GATT’s failure to establish a sustainable international new trade order. Conflicts among the dominant powers in GATT, that is United States, Japan, the European Community exacerbated GATT’s crisis. Alternative forums began to be used as a way of reinstating GATT’s members’ commitment to free trade. Bilateral meetings and the Organisation for Economic Co-operation and Development (OECD) became important forums for informal trade consultation and cooperation. In 1982, members called a GATT ministerial meeting in order to reaffirm members’ commitment to the principles of the liberal trading system. The meeting failed because none was prepared to renounce protectionism for open trade. However, members recognised that the international trading system faced total collapse. Members began calling for a new round of talks, which began in 1986, and was dubbed the Uruguay Round of Talks.

One can safely say that the developed countries failed GATT. Developing countries were not active participants in the GATT regime fundamentally, as they were involved in liberation wars against their colonisers. Developed countries called the shots at GATT as it suits their political and domestic frameworks. When seeking markets for their products developed countries called for tariff liberalisation and when it came to cushioning their vulnerable industries, they called for subsidies and anti-dumping duties. It is the objective of this study to analyse whether the Uruguay Round marshalled a new thesis of international trade or it is an expansion of an imperialist system.
2.6 The World Trade Organisation and Developing Countries
The World Trade Organization (WTO) started operating on the 1st of January 1995. It was established at Marrakesh on the 15th of April 1994. According to Article 11 of the Marrakesh Agreement (see Annexure 2.1),

1. The WTO shall provide the common institutional framework for the conduct of trade relations among its Members in matters related to the agreements and associated legal instruments---.

Put simply, the WTO deals with the rules of trade between nations at international level. It is a forum where different governments negotiate trade agreements. It provides a forum for the implementation of the results of such negotiation. The WTO facilitates the implementation, administration and operation of the Marrakesh Agreement and the Multilateral Trade Agreements and Plurilateral Trade Agreements. This shows that the WTO provides a set of rules on how to conduct trade among nations. The WTO involves settling disputes arising from trade. The procedures are contained in the Dispute Settlement Understanding (DSU). The WTO aims at achieving greater coherence in global economic policy-making, by co-operating with the International Monetary Fund and the International Bank for Reconstruction and Development/World Bank and its affiliated agencies. (Article 111). The WTO agreements deal with agriculture, textiles and clothing, banking, telecommunications, government purchases, industrial standards and product safety, food sanitation regulations, intellectual property, and much more (World Trade Organisation, 2002). All these issues are however governed by similar WTO principles, which shall be discussed below.

2.6.1 Basic Principles of the WTO
2.6.1.1 Non discrimination
The principle of non-discrimination is premised on two major components: the most–favoured nation (MFN) rule and the national principle. These principles are embedded in all WTO agreements. The MFN rule requires equal treatment of a product made in one member country no less favourably than a “like” good that originates in another country. If you lower tariffs for one country (WTO member), you have to do that for all WTO countries. This means that a country should not discriminate between its trading partners.
National treatment principle requires equal treatment of goods of foreign origin with similar goods of domestic origin. Some exceptions are however permitted:

For example, countries can set up a free trade agreement that applies only to goods traded within the group- discriminating against goods from outside. Or can give developing countries special access to their markets. Alternatively a country can raise barriers against products that are considered to be traded unfairly from specific countries. For services, countries are allowed, in limited circumstances, to discriminate. But the agreements only permit these exceptions under strict conditions. In general, MFN means that every time a country lowers a trade barrier or opens up a market, it has to do so for the same goods or services from its trading partners-whether rich or poor, weak or strong (World Trade Organisation, 1995-2004)

Hoekman (2002: 42), believes that the MFN principles provide smaller countries with a guarantee that larger countries will not exploit their market power by raising tariffs against them in periods when times are bad and domestic industries are clamouring for protection or, alternatively give specific countries preferential treatment for foreign policy reasons. He adds that MFN helps enforce multilateral rules by raising the costs to a country for defecting from the trade regime to which it committed itself in an earlier multilateral trade negotiation. If the country desires to raise trade barriers, it must apply the changed regime to all countries. This increases the political cost of backsliding on trade policies.

The MFN and national treatment principle are defined in the WTO as if all its members are equal. Anderson and Cavanagh, (1997), argue that the “likeness of products” should not be determined merely by the content and characteristics of the product, but also by the way it is produced. This means that production circumstances between the North and South are in most cases fundamentally different. Products from developing countries have been discriminated against in the developed countries’ markets because of the “unlike” environments. The protection policies instituted by the North have resulted in the implementation of non-tariff barriers in order to protect profits. This view is
supported Vandana Shiva, Director of Research Foundation for Science, Technology and Natural Resources Policy in India who noted that:

> The WTO is basically the first constitution based on the rules of trade and the rules of commerce. Every other constitution has been based on the sovereignty of people and countries. Every constitution has protected life above profits. But the WTO protects profits above the right to life of humans and other species (Costantini, 2001).

The principle of non-discrimination is a fallacy given the superiority policies, which are pursued by mostly Organisation for Economic Corporation and Development (OECD) countries. Charlie Barshefsky, a US Trade representative have clearly indicated that

> There are some that believe that simply opening markets on a global scale is the be-all and end-all, no matter how it is done or no matter who benefits. I subscribe to a different view. It is imperative that we open markets in a manner consistent with the rules of the WTO but we must make sure Americans benefit directly from the process, and to do that Americans must drive the rules of the new global landscape and the opening of markets. (Costantini, 2001).

This shows that the non-discrimination principle is relative in nature. In practice developed Countries ensure that it is never used contrary to their national policies.
2.6.1.2 Reciprocity

This principle reflects both a desire to limit the scope for free-riding that may arise because of the MFN rule and a desire to obtain “payment” for trade liberalisation in the form of better access to foreign markets. Reciprocity is a fundamental element of the negotiating process (Hoekman, 2002: 43). Finger and Winters (2002), discusses how reciprocity works in the WTO. They argue that reciprocity serves to motivate negotiations. Reciprocity reflects the “balance”, which is an outcome of the negotiations. The GATT and the Marrakesh Agreement that established the WTO refer in their preambles to “---entering into reciprocal and mutually advantageous arrangements directed to the substantial reduction of tariffs and other barriers to trade”. These two agreements do not define what is “reciprocal” or what is “mutually advantageous”. The definition of what is reciprocal and mutually advantageous is therefore left to each member. Arthur Dunkel, Director-General of GATT from 1980 to 1992, correctly observed that, “Reciprocity cannot be determined exactly; it can only be agreed upon” (GATT Press Release 1312, March 5, 1982).

Part IV of the GATT provides elaborate commitments to developing countries. For instance, Article XXXVI.8 states that, “The developed contracting parties do not expect reciprocity for commitments made by them in trade negotiations to reduce or remove tariff and other barriers to trade of less-developed contracting parties.” According to Hoekman (ibid, 51), the commitments of Part IV, however are not legally binding. The following phrases make these commitments non-legal. Article XXXVII.1, states that “The developed countries shall to the fullest extent possible, that is, except where compelling reasons, including legal reasons, make it impossible… and “The adoption of measures to give effect to these principles and objectives shall be a matter of conscious and purposeful effort on the part of the contracting parties both individually and jointly” (Art. XXXVI.9). These phrases show that these articles are not legal commitments. Hoekman (ibid.) argue that these statements have the weight of moral suasion, they are intended to influence behaviour, rather than regulate it.
From the above arguments, it is very clear that developing countries are on the losing end in WTO negotiations. This is because when they go to the negotiating table, developing countries have needs, which are a lot different from developed countries. The issues that developing countries are concerned about are different from those of developing countries. This makes developed countries gain higher mileages in such negotiations. An example is that of the Uruguay Round (1986-1994) in which developing countries agreed to make significant commitments in “new areas” such as intellectual property and services, where industrialized country enterprises saw opportunities for expanding national sales. The industrialized countries would liberalise trade in areas of particular interests to developing countries: agriculture, and textiles and clothing. The industrialized countries made commitments to improve market access in traditional areas, whereas for developing countries the services and intellectual property rights are new areas, where establishing standards and patents management is a big cost. The costs of such an agreement are therefore high for developing countries whose infrastructure and technical capacity would not match that of developed countries when it comes to implementing the agreements.

2.6.1.3 Transparency

The transparency principle is embedded in Article X of the GATT and Article III of the GATS. It calls on WTO members to publish their trade regulations, to respond to information requests and among other things, to notify changes in trade policies to the WTO. Trade policy reviews, which produces country specific reports are prepared by the secretariat and discussed by the WTO’s General Council as a means of achieving transparency within the WTO, citizens of countries concerned and for trading partners. In economic terms, transparency allows predictability which is a key component for increased investment. This principle is aimed at ensuring members carry out their obligations. Providing information will ensure legitimacy of the WTO as its activities are made known to people. Bernard Hoekman (2002) argues that transparency can also help reduce uncertainty related to trade policy and thus improves the predictability of any policy. He argues that transparency reduces pressure on the dispute settlement system since measures can be discussed in appropriate WTO bodies. These bodies allow for
diffusion of any potential conflicts. Transparency also enables civil society to have information, which they can use to lobby their governments on certain issues.

Developing countries have been demanding transparency in WTO since its inception. India and China, at an informal meeting in Montreal, Canada (2003), said that no last minute surprises should be sprung on negotiations and documents should be made available to member countries well in time to allow coordination of positions before the Cancun Ministerial meeting (www.in.rediff.com/2003/july29wto). In 1998, Chakravarthi Raghavan, in an article entitled “Transparency of WTO Decision Making Ducked” outlined how developing countries demanded at Singapore at the final plenary heads of delegations for “transparency” among members of decision-making within the WTO. He points out that at this conference that developing country delegations and their ministers felt completely frustrated by the informal consultation process among a relatively small number of delegations on issues that were of priority interest to the developed world. These included side negotiations between US and EC for sectoral zero-tariff negotiations on spirits and a few other items, efforts to get new issues on the WTO agenda such as investment, competition, ‘trade-linked labour standards’ and environment negotiations. At this meeting, NGOs from the North and many from the South demanded that WTO processes (discussion and consideration of issues) and decision-making should be made fully transparent to their own governments and delegations, and civil society should be able to know about these matters and take the issues to their own public and government, before commitments are made at WTO. Even at the final press conference, the WTO Director-General Renato Ruggiero agreed that transparency was a problem in the WTO and urged members to work to bring about “transparency with efficiency”. Raghavan, in the same article, points that the US and other majors prefer the non-transparent process of the negotiating agendas of the WTO and decision-making in concentric circles of consultations beginning with bilateral US-EC talks, talks among the Quad (Canada, EC, Japan and US), and then an amorphous circle of other delegations, the so called “invisibles”, and discussions over lunches and dinners, and then brought before the full membership, with the formal meetings no more than a ‘recording’ exercise for decisions already taken (www.sunonline.org/trde/July 20/1998).
Lack of transparency in the WTO was also raised by the US in August 2002. The US submitted a proposal to expand transparency and public access to WTO dispute settlement proceedings. The proposal aimed at opening this system to the public and gives greater public access to briefs and panel reports. The then US trade representative Robert B. Zoellic argued that public confidence in how WTO rules are enforced improves greater openness. The US proposals called on members to consider rules for “amicus curie” – submissions by non-parties to a dispute. By 2002, the WTO rules allowed such submissions but did not provide guidelines on how they were to be considered. Following this request, most member countries now post their dispute settlement briefs on their websites (www.state.gove/August9/2002).

The submission by US was criticised by India, Brazil and Malaysia who argued that such proposals would undermine the inter-governmental nature of the organisation, lead to “trials by media”, which could result in “miscarriages of justice.” India also accused US for double standards on transparency, noting that Washington refused to grant third party rights to some countries in proceedings such as the shrimp-turtle dispute and its row with the EU over foreign sales. Norway and Switzerland also expressed hesitation on the involvement of the public in the panel and Appellate Body meeting and the amicus brief.

The above arguments point to the fact that in the period under study, transparency was desirable in the WTO proceedings, but the seemingly lack of a clear cut policy by its member states, show that side consultations can continue to violate the principle of transparency and undermine predictability of WTO policies.

2.6.1.4 Promoting fair competition

The WTO system is not an entirely free-trade institution since it allows tariff in certain circumstances and other forms of protection. The system is based on principles of fairness, openness and undistorted competition. The non-discrimination principle of MFN and national treatment enable fair trade to exist. According to the WTO (1995-2004), many WTO agreements aim to support fair competition: in agriculture, intellectual property, services, for example.
Martin Khor, the Director of the Third World Network responded to competition policy advocated by majors (www.twnside.org.sg/title2/5721b/1999April). He argues that developed countries would like the competition policy so that their big corporations will be able to take over markets of developing countries. Knor contends that developing countries would want to invoke the principle of “non-discrimination so that local firms cannot be treated more favourably than non-local firms. He argues that such an approach would however lead to discrimination against locals since they cannot compete against foreign owned companies. There is therefore a clash of perception of what is meant by fair competition and whether WTO should set rules on it.

To augment the above discussion, Stitchele (1997), outlines how the WTO and the Uruguay Round agreements contribute to unequal trade. Stitchele argues that developed countries give less market access to products from developing countries than from among themselves, and tend to impose high tariffs on those products most valuable to less developed countries (clothing, leather, fish, and agriculture). The agricultural agreement has also led to competition between subsidised products from the North and unsubsidised products in developing countries. Safeguard and anti-dumping rules still have loopholes and are more frequently being used to stop competition from labour intensive products. Stitchele also points out that the enforcement of the intellectual property rights (TRIPS) is likely to make essential goods too expensive while bio-piracy by foreign companies will be on the increase.

The rise in competitive globalisation is skewed in favour of the North because information networks, meeting high product standards, capital, training, skilled labour and management are required to withstand such competition. Stitchele (ibid) rightly posits that companies from the North and South East Asia are best placed to take advantage of the opportunities because of their ability to meet high requirements and strong position in the world. She argues that exports from EU to South East Asia grew by an average of 15% annually between 1990 and 1995. Such competition has resulted in most companies in the South lowering their wages, reducing labour. In 1997,
Bangladesh’s clothing exports to EU was threatened because EU argued that the exports failed to fulfil the EU rules of origin of having the basic fabric of the clothes produced originating from Bangladesh. The fabric was coming from India. The EU pressed Bangladesh to recall thousands of export licences which resulted in job insecurity for more than one million workers, who produced more than US$3 billion in 1996. EU also condemned the country’s prawns for not meeting stipulated hygienic/sanitary standards, which caused prices to plummet and the flooding of Bangladesh’s domestic markets (Stitchele ibid).

The above arguments show that whilst fair competition is a principle of WTO, it was not yet operationalised by 2004. Developed countries continued practicing unfair trade through various instruments, which include subsidies, phytosanitary and sanitary measures and a plethora of domestic policies, which affects imports from the South. Fair competition should however be the outcome of any negotiations in the WTO, otherwise the old trading regime which encouraged mercantilist policies will continue to exist in the so called new order.
2.7 The World Trade Organisation’s Structure

Figure 2.1 The WTO structure
All WTO members may participate in all councils, committees, etc, except Appellate Body, Dispute Settlement panels and Plurilateral committees.

Source: Extracted from www.wto.org
2.7.1 Membership
The WTO is run by its member governments. All major decisions are done by the entire membership, either by the ministers or the ambassadors based in Geneva. Decisions are normally made by consensus. Thus the WTO differs from IMF or Word Bank where decision making is delegated to the Board. The agreed rules at WTO are enforced by member states. The WTO record shows that by September 2003, the organisation had more than 144 members. The members include more than 30 developed countries, 92 developing countries (including 30 least developed countries), 9 transition countries (form Soviet bloc nations) and 3 newly industrialized nations. Membership in the WTO is important to analyse since decision making in the WTO is based on consultation and consensus. In practise, it is extremely difficult to reach consensus in the WTO. Voting based on the principle of “one member, one vote” is used rarely when consensus cannot be reached. The problems of reaching consensus have resulted in the formation of Greenroom meetings where coalitions are built on specific issues. These green-rooms have become a contentions issue from the Seattle conference to the Cancun conference. These are informal meetings held in the Director-General’s conference room. These meetings can be called by the committee chairperson as well as the director-general and can take place elsewhere such as at any Ministerial Conference. The WTO believes that extra efforts are made to ensure that the process is handled correctly, with regular feedback to the full membership. Developing countries always felt duped by such an unclear process and believed that decisions were made during these green-rooms, only to be rubber stamped at the meeting with all members. As a result of such concerns, Jeffrey, J. Schott of the Institute for International Economics in Washington comments that:

The WTO will unlikely suffer from slow and cumbersome policy-making and management - an organization with more than 120 member countries which cannot be run by a “committee of the whole”. Mass management simply does not lend itself to operational efficiency or serious policy discussion.

Both the IMF and the World Bank have an executive board with executive officers of the organization, with permanent participation by the major industrial countries and weighted voting. The WTO will require a comparable structure to
operate efficiently---. [But] the political orientation of smaller --- members remains strongly opposed (WTO 2003).

The argument put forward by Scott, shoots developing countries in the foot. The developed countries knew that in order to win allegiance from the South, decision making in this body had to appear to be based on consensus basis, yet in actual fact decisions are bulldozed through by the most powerful nations who have the resources to attract alliances. For developed countries, the results of such consensus building far outweigh the cost of not asking countries from the South to open their markets for goods from the North.

2.7.2 The Ministerial Conference

The WTO’s top-level decision-making body is the Ministerial Council. It comprises trade ministers of member nations. It meets at least once every two years. This represents an improvement from the GATT system where in certain cases as long as ten years could pass without a Ministerial Conference. Bernard Hoekman (op.cit) argues that this is intended to strengthen the political guidance of the WTO and enhance the prominence and credibility of its rules in domestic political arenas. This is the policy making body of the WTO. It represents a radical departure from the Bretton Woods model where bureaucrats run the two institutions. Politicians sit on the highest decision making body of the WTO most probably for fear of losing sovereignty. These are some of the lessons learnt from the Bretton Woods where bureaucrats wield too much power over elected governments. The disappointing/disturbing story of the Ministerial Conference is that, it is more of a graduation than an examination, an end than a means to an end. In real terms it is symbolic, as the General Council is the arena where most WTO issues are chewed.

2.7.3 The General Council

The General Council (GC) carries out functions of the WTO in between meetings of the ministerial conference. It meets about 12 times a year. The General Council adjudicates trade disputes through the Dispute Settlement Body (DSB) and reviews members’ trade policies (the Trade Policy Review Body, (TPRB). The GC has three subsidiary councils on goods, on services and intellectual property rights, which operate under the auspices
of the General Council. Special Committees deal with such issues as WTO finances and administration; interest of developing countries; subsidies, technical barriers to trade, market access, custom’s valuation, rules of origin, safeguards and trade–related investment measures.

Overall, there are more than 40 councils, committees, subcommittees, bodies and standing groups or working parties. For effective representation, member states need to have members stationed in Geneva. The marginalisation of developing countries is extended by this arrangement because of resource constraints and lack of national interest as noted by Bernard Hoekman (op.cit, 41). This is made worse by the fact that there are over 1,200 events on WTO annually. Developing countries are in most cases not represented since they have a few representatives and some have no representatives in Geneva at all. Extensive lobbying occurs in these meetings. Developing countries face a problem of double allegiance in which they are also members of such bodies as the Francophone Group, the Commonwealth and EU-ACP grouping. These countries tend to take decisions, which are favourable to their sponsors in other groupings. For example, Nigeria may make alliances with Britain because of their Commonwealth relationship.

2.7.4 The Secretariat
Unlike the Bretton Woods institutions, the WTOs secretariat does not have executive powers. The Director-General whose nomination is dominated by developed countries heads the WTO Secretariat. It has 550 staff. The main function of the secretariat is to provide administrative and technical support for the various WTO councils, committees, the Ministerial conferences and nations intending to join the WTO. The secretariat deals with the media and public relations. The Secretariat provides technical support for developing countries, and especially the Least-developed. WTO economists and statisticians make trade performance and trade policy analysis. Legal staff provide assistance in the resolution of trade disputes involving the interpretation of WTO rules and precedents. The Secretariat deals with accession negotiations for new members and providing advice to governments considering membership. The Director-General has four divisions, which come directly under his position. The Deputy Director-General for
Administration and General Services Division; Deputy Director-General for development Division; Deputy Director-General for agriculture and Commodities Division and Deputy Director-General for Accession Division. The WTO budget is over 150 million Swiss francs with individual contributions calculated on the basis of shares in the total trade conducted by WTO members. Workers from developed countries dominate the WTO’s secretariat. The technical incapacity of developing countries makes them unable to penetrate the WTO secretariat. This problem is evident in the number of consultants from overseas which manage projects which require technical knowledge in developing countries.

The WTO face serious problems in the nomination of the Director-General. These appointments bring democratic decision making in the WTO under serious questioning. When the Uruguay Round was concluded in 1994, Peter Sutherland (favoured by United States of America and the European Commission (EC) as a candidate in 1993) was the Director-General. In 1994, the succession race included Renato Ruggiero, favoured by EC, Mexican President Salinas (backed by the US) and South Korea’s Kim Chul Su. Salinas withdrew from the race after the Mexican peso crisis. Even though the US first supported Salinas, they later backed Ruggiero who lobbied for their support and won the race and Kim became his Deputy. Raghavan (1999:5), noted that the US got more in this deal by persuading Ruggiero to name an American to head the legal Division and a Canadian to head the Appellate body secretariat. Raghavan in the same article, points that after the appointment, Ruggiero began promoting American interests including financial liberalisation and finding ways to accommodate the US’ new agendas. The appointment of Moore of New Zealand as Director General in 1999 had the support of USA. Raghavan (ibid), rightly points out that while decision making by consensus gives the appearance of “equal power of veto” to everyone, it is really an illusion, since that power is exercised by the USA, as the secretariat operates in favour of USA’s interests. This was not a new phenomenon in global political economy. The Head of International Monetary Fund (IMF), traditionally came from Europe and that of the World Bank from the USA. Consensus decision making was therefore not possible in the multilateral trading regime, were developed countries held key positions in the WTO.
Problems, which were faced by developing countries when dealing with the WTO, were dealt with at length in the sections that deal with the details of the Ministerial conferences. The preceding section will now zero into the Dispute Settlement Body, which is a critical component of the WTO’s structure.

### 2.7.5 The Dispute Settlement System

The Dispute Settlement System was established during the Uruguay Round of negotiations. This system is regarded as the major achievement of the WTO as it established enforcement procedures. The problem of the Dispute Settlement Understanding (DSU) with regards to its application is that its clauses are more declarative than operative. According to article 4 of the DSU, a member must first request bilateral consultations if it considers that a benefit accruing to it directly or indirectly under the WTO agreements is being nullified or impaired. Article 6 of the DSU states that if consultations fail to settle the dispute, the complaining party may request the establishment of a panel, which must be created unless the DSB decides by consensus not to do so.

A panel generally consists of three panellists who should not be nationals of countries, which are parties to a dispute. Examinations of the case should be made within six months (Art, 12 DSU). Within 60 days of the date of circulation of a panel report to WTO members, the report must be adapted at a DSB meeting unless a party to the dispute formally notifies the DSB of its decision to appeal or the DSB decides by consensus not to adapt the report (Art: 16 DSU).

When a panel or the AB concludes that a measure is inconsistent with an agreement, it must recommend that the party concerned bring its measures into conformity with the WTO agreement (Article 19 DSU). If the recommendation is not complied with, the injured party can through request to DSB, suspend the application to the member concerned of concessions or other obligations under the covered agreements.
The structure and principles of the DSU further marginalizes developing countries in the WTO. Bilateral efforts which should be made before a matter is brought to the DSB is open to abuse by powerful nations as bilateral consultations can be flattered with blackmail, threats to withdraw aid, or even shear bullying especially in the case of military hegemonies like the USA. Secondly, Western nations patronize organisations such as the Commonwealth and Francophone. Thus, a nation like Zambia cannot genuinely resolve a problem with a developed country like Britain. Developing countries also suffer because of the complexity related to negotiations which are done simultaneously such as the EU – ACP and WTO negotiations. New Partnership for Africa’s Development (NEPAD) is negotiating with the G8 on getting more aid and it becomes difficult for an injured African country to make bilateral consultation with a G8 country in seeking redress.

Article 12.11 states that a developing country involved in a case can request that the panel include at least one person from a developing country. This shows that the DSB panels are dominated by people from developed countries who can infact not be completely neutral to their national interests. Furthermore, developing countries’ lawyers lack the technical expertise to represent their countries at a DSB. They have limited resources to even hire legal experts from developed countries to represent them. The technical assistance which is provided to developing countries by the WTO secretariat is minimal and cannot be comprehensive given the large number of cases brought to the DSB. Valentina Delich (2002) recommends that international financing for training public officials, building a network with other developing countries in order for them to jointly present cases, could help address considerably some of these problems. The technical problems faced by developing countries have resulted in a few cases being brought to the DSB from this camp. Latin America and Asia are the developing regions mostly involved in the dispute settlement process. African countries have not initiated or been respondents in any case, although several, including Nigeria and Zimbabwe, have made presentations as third parties. Industrial countries actually dominate in the DSB as they bring more cases against developing countries.
The DSU has been more declaratory than operational. Article 4.10 refers to giving “special attention” to the problems and interests of developing countries during consultations. It does not indicate the “how” aspect of the clause. This is the same with the special and differential treatment clauses. The DSU is criticized for prescribing retaliation as a remedy. This is equivalent to taking humanity decades back. The international economic relations become Hobbesian in nature where the fittest can survive. Retaliation is criticised for being too weak to be effective against large countries. Zimbabwe cannot cause any harm to the EU market if it retaliates for being discriminated against when trading. Developing countries are proposing the implementation of collective retaliation in order to inflict noticeable pain to larger industrial countries.

Developing countries suffer in the Dispute Settlement System (DSS) in that the DSS does not provide for compensation for harm done. This shows that the compensation offered by the DSS is futuristic in that it does not take into account the harm done in the past by the illegal position. Developing countries are calling for compensation in retrospect. Industrial nations have vehemently criticised this proposal by developing countries. Valentina Delich (2002: 85) argues that the GATT practice of denying compensation for past wrongs clearly reflects a view of GATT law as having a lower status than domestic law. He notes that under the domestic law of most WTO member’s taxes or other changes imposed in violation of national law are a legal nullity, and government authorities are required to refund any monies so collected. The United States made its position very clear when the U.S. Congress adopted a statutory provision in 1994 that antidumping (AD) or countervailing duty (CVD) or safeguard duties already paid in “liquidated” entries would not be refunded, although the GATT-illegal duties could be revoked for all “unliquidated” entries.

The arguments by developed countries for not paying compensation for harm done can be seen as a continuation of a selfish agenda followed by these countries from slave trade, colonialism and now in the neo-imperialist stage. Developed countries will not compensate for any harm done especially if the remedies are meant to put the injured
party in a fit position. This behaviour is tantamount to enhancing perpetual poverty in developing countries.

The Appellate Body’s role has also been questioned since it seems to be going beyond its mandate by making rules through its interpretation of WTO agreements. India has also raised concern over the term of office of the AB. India is arguing that all future appointment of the AB should be for a non-renewable fixed term of five or six years. India argues that this will go a long way in ensuring that members of the AB do not have an incentive to seek support for reappointment. The AB has also been criticised for inviting non-governmental organisations (NGOs) to present their cases to the AB. Egypt, India, Pakistan, Uruguay and the Association of Southeast Asian Nations (ASEAN) countries have argued that the invitation of NGOs to any AB was not procedural since these NGOs are deemed as not accountable to their nationals as are governments in turn.

2.7.6 An analysis into Dispute Settlement cases
It is important to analyse some cases concerning developing countries which were handled by the DSB, in order to obtain a precise overview of whether this system can actually salvage these countries out of unilateralism and marginalisation applied by developed countries.

On May 1998, Canada requested consultations with the EC in respect of a 1997 French law prohibiting the import and use of chrysotile (white asbestos). France was the eighth country to unilaterally ban chrysotile, having been preceded by Austria, Belgium, Denmark, Finland, Germany, Italy, Netherlands and Sweden. Canada alleged that these measures violated Article 2.3 and 5 of the SPS Agreement, Article 2 of the TBT Agreement, and Article 111, X1 and X111 of GATT 1994. Canada was supported by Zimbabwe and Brazil, other asbestos producing countries. EU supported France whilst USA supported EU. Brazil produced US$540million income from asbestos. It had 27 factories in ten states, which manufactured 2 million tonnes of finished products annually. Forty percent of its exports were made for Japan, Thailand, India and other
countries. For Canada this industry offered employment for over 2000 people in Quebec (www.btinternet.com/29/09/05).

The Tribunal, which convened over the case in March 1999, included Adrian Macey a diplomat in Thailand from New Zealand, William Ehlers and Ake Linden, a Swedish consultant on trade policy matters. The panel’s decision was published on 18 September 2000. It established that the use of chrysotile constitutes a health risk in particular as regards lung cancer and mesothelioma in occupational sectors downstream of production and processing and for the public in general in relation to chrysotile-cement products. The panel therefore ruled in favour of the French. The Canadians submitted its case to the Appellate Body who circulated its report in March 2001. It fundamentally ruled that French did not violate any European obligations under WTO rules by prohibiting asbestos and asbestos-containing products (www.wto.org/29/09/05).

This case shows a major weakness in the DSB. The panel, which was established by the DSB, consisted of very busy diplomats and trade experts, who may not be able to consider various aspects of a case in such a short period. They had to rely on the findings of scientists’ in order to make a decision on the matter. Such highly technical cases provided a challenge to the WTO system, which did not employ scientists and relied on short-term contracts in such instances. Lack of such technical experts and limited financial resources in developing countries proved costly to them, as they could not afford to be complainants but only appeared in the case as third parties. The DSB system was therefore a rich man’s club where they weighed each other’s muscles. The fact that the USA sided with EU made the case easier for the panellist because these two giants called the shorts in the international trading body.

A highly contentious issue was raised by the European Union against the US action of 2001. The US International Trade Commission (ITC) recommended the increase of steel tariffs with ranges of 8% to 30% following its determination that US steel was under threat from steel imports. Since the safeguard agreement requires such measures not to be enforced against countries accounting for less than 3% of the imports, most developing
countries were therefore excluded from the safeguard measure, even though their trade regimes were to be affected as argued by this study. The US was in fact determined to continue monitoring the effects of such imports from developing countries. The EU has requested consultations with the US over this safeguard measure as a first step towards a full WTO challenge. These consultations are likely not to succeed because of the determination by the US to retain the safeguard measures. In reaction to the US action, the EU introduced its own safeguard measures to protect its industry against a surge in imports as a result of the US action. These measures will worsen exports throughout the world. Developing countries are most likely to suffer, as they become immediate markets for dumping steel products. There will also be an over-supply of steel in the global market, which will have a downward effect on steel prices.

Developing countries like Zimbabwe, which export steel, will suffer as prices become lower on the global market as a result of excess stock. As a result of the US and EU actions, Chile and Canada have already initiated safeguard investigations in anticipation of the likely effects of US measures. These actions are likely to be initiated by other WTO members. This case shows that safeguard measures are being used particularly by developed countries to protect their domestic markets. This provision therefore adds up the list of non-tariff barriers being created by WTO members with ‘permission’ granted by WTO regulations, which are supposed to liberalise trade, and at the same time avoiding serious injury to the domestic markets. This provision has in most cases been applied by developed countries as developing countries can face such threats but fail to implement safeguard measure because of the complex procedures involved. Zimbabwe’s steel industry cried foul over the importation of decks from the EU and US which has rendered local products costly. This has witnessed loss of business and at times industrial closures yet the Government of Zimbabwe has not been able at all to implement any measures against such imports. Other factors as political and economic costs are often considered at the detriment of the development of industry in developing countries.

A panel was established by the WTO Dispute Settlement Body at the request of India in January 2003. The dispute arose as a result of the EU granting additional access for
textiles in 2001 under the Special Arrangements to combat Drug Production and Trafficking in its scheme of tariff preferences. This resulted in Pakistan obtaining a 15% quota hike in the textile sector and a zero duty market access for the products. India argued that it had lost around US$225-US$250 million worth of textiles exports because of the EU preferential system to such developing countries. This measure disadvantaged India which is a competitor of Pakistan in the clothing industry. India argued that the EU Generalised Scheme of Preference (GSP) scheme violated the Most Favoured (MFN) principle since it was discriminatory. It also argued that the GSP had specific trade objectives and the introduction of new non-trade objectives such as labour, environment and drug trafficking is not permissible. In response, the EU cited that the GSP was an autonomous programme which was based on a non-reciprocal principle. EU also warned India that if the GSP is removed developing countries are the ones who were going to suffer. This case has not yet been finalised but it shows that whilst the EU obtained a waiver to maintain its Generalised System of Preferences with ACP states until 2007, other countries including developing countries are being discriminated against by this system. The contentious issue which the panel faces is the legality of linking trade policy to non-trade objectives such as environment, labour, human rights and drugs.

It is important to raise the issue of language as having a discriminatory effect to developing countries when dealing with the WTO’s legal text. This treaty was primarily negotiated using English language just like many other international treaties. This has normally been referred to as the ‘Americanisation of law’. Since English language was the one used in the negotiations, it means that it is the predominant language in the interpretation of WTO’s agreements. English, Spanish and French are the official languages in which the legal text was being translated. The DSB therefore faces cultural and linguistic challenges when interpreting the WTO law. The use of pre-dominantly English language has made it very difficult for indigenous people to understand the legal text. This poses challenges to some other languages which translate to a non-tariff barrier as most government officials fail to interpret the legal text in a manner that will easily be understood by their nationals. The Appellate body of the DSB has resorted at times to the use of dictionaries to find the meaning such words as ‘goods’ which has got various
meanings. Such terms become problematic when they mean different things to countries involved in a dispute.

2.8 Conclusion
In signing the Marrakech agreement (1994), members abdicated a lot of their power to control their domestic economies and set their own development priorities. For developed countries the harm is less since they enjoy an overall upper hand in the international trade regime. Developing countries are forced to surrender sovereignty which they held, as the WTO imposes global deregulation. This requires members not to discriminate domestic products and services against those from other member countries. The WTO determines minimal trading standards and levels. The structure of the WTO is largely exclusive of developing countries rather than inclusive. Developing countries presence is reduced to mere statistics as the WTO is referred to as a global organisation. In actual fact, it is an international organisation dominated by a few rich nations who only want to push their agendas through a somewhat legitimate means. The WTO structure does not provide a “neutral” playing field in the international trading regime. This chapter shows that the status quo where the international system comprises the dominant/dependent, centre/periphery or metropolitan/satellite as prescribed by dependency theorists, states remained in place from GATT to the WTO. Developing countries, which are the dependent states, supply cheap labour, agricultural commodities, minerals and raw materials. They also serve as repositories for surplus capital, manufactured goods and obsolete technologies. This chapter revealed that WTO principles are very technical and leave some strategic loopholes for those with craft competencies to exploit their full advantage. The culmination of all this fiasco is in the dispute settlement system, which seems Hobbesian in nature. A legal system that prescribes retaliation as a remedy is inhuman and anti-development. This gives credibility to the critics who question the legality of the WTO. The WTO marginalises developing countries. Its structure is employed to marginalize the interests of the South. The current WTO rules favour the narrow business interests of the powerful economies and their large conglomerates, at the expense of poor men and women mostly in the Developing World in particular and across the world in general. The WTO is bound to marginalise the poor as it lacks accountability
and transparency by design. Green room meetings are classic examples in which decisions which will affect all livelihoods are privately made. What is disturbing about the WTO is that developing countries will remain stuck with this animal because of globalisation forces in which the North is determined to expand their markets to the South in an exploitative manner. This has resulted in the South experiencing minimal influence and maximum consequences in the world economic system. Developing countries’ markets are left open to the unfair competition from the North. The next chapter discusses the evolution of Zimbabwe’s participation in the WTO.
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CHAPTER THREE: THE EVOLUTION OF ZIMBABWE’S PARTICIPATION IN THE WTO

3.1 Introduction

This Chapter’s objective is to critically evaluate the relationship between the multilateral trade negotiation process in Geneva and Zimbabwe. The institutional establishment, negotiation strategy and local processes related to these negotiations are reviewed in this Chapter. A working hypothesis for this Chapter is that Zimbabwe does not have a negotiation strategy for the World Trade Organisation (WTO) issues. This Chapter also reveals that sustainable development in Zimbabwe, in its relationship with the WTO is affected by both exogenous and endogenous factors. EU-ACP negotiations are also reviewed in the context of Zimbabwe and the WTO.

Southern Rhodesia (Zimbabwe) was among the 23 original contracting parties of GATT, which came into effect on the 1st of January 1948. The other country from Africa, which pioneered being a signatory on this agreement, was South Africa. This shows that Southern Rhodesia was a force to reckon with in the international economic system after World War II. Zimbabwe also pioneered membership in the new international trading agreement, the WTO, which came into effect on 1 January 1995. It is however important to note that this study will focus on the WTO as compared to Rhodesia and GATT.

Rhodesia joined GATT under the white minority rule, which controlled the economy and consequently, international trade. It should be noted that even during economic sanctions imposed from 1965 to 1979 by the United Nations, Rhodesia’s exports continued to grow mostly because of import substitution policies12 pursued by Ian Smith’s government. In 1980 power was transferred from white minority rule to black majority rule under the leadership of ZANU PF. On the 1st of January 1995 when the WTO came into existence, Zimbabwe ascended to the treaty. It is important to note that this study will detail and analyse how Zimbabwe has been participating in the WTO alongside other developing countries.

12 Import substitution industrialization, is based on the idea that domestic investment and technological capabilities can be spurred by providing domestic producers with temporary protection against imports. (UNDP 2003)
3.2 The Zimbabwean Institutional Framework for WTO Negotiations

In Geneva, Zimbabwe established a Permanent Mission in 1986, yet the Uruguay agenda had started in 1982. Originally the Mission had a staff establishment of three (3) people whose mandate included United Nations Conference on Trade and Development (UNCTAD) and other United Nations (UN) agencies. When the WTO was established in 1995, Zimbabwe’s mission had at most two trade officials based in Geneva, which formed a permanent negotiating team. These representatives were inundated with negotiations and meetings. The negotiations covered 14 separate issues and negotiating groups. On a day more than five (5) meetings could take place and there was no way that a person could attend to all the meetings which could occur simultaneously. Other developing countries like Kenya had ten (10) representatives at Geneva and could strike a reasonable balance in attending scheduled meetings. Foreign Affairs had one representative at Geneva who was dealing with WTO issues. It is disappointing to note that the activities of these officers from the two Ministries were not coordinated as they purported to be representing two different masters in terms of ministries even though they were serving one country. Zimbabwe did not therefore have an effective and coordinated representation in Geneva.

The situation was worsened by the fact that Harare\textsuperscript{13} had and still have little understanding of the negotiation process. The Ministry of Industry and International Trade did not have the knowledge and institutional capacity that would enable them to feed into the Geneva multilateral trade process. The Ministry did not network effectively with industry in order to effectively assist the negotiating team in Geneva. Hess (2001) posits that the private sector in Zimbabwe argued that government did not consult with them, as it rendered this sector not important to the trade negotiations. The private sector also viewed the government as lacking understanding on the importance of the negotiations to the whole economy. On the other hand, government blamed the private sector for lacking enthusiasm to participate in the negotiations and they blamed their reluctance on lack of financial resources. When interviewed during this study, it was quite astonishing to note the response of the Confederation of Zimbabwe Industries (CZI)

\textsuperscript{13} Harare is the capital city of Zimbabwe.
when clarifying its position regarding the multilateral negotiation process. CZI argued that the Government of Zimbabwe had always invited them to submit an input into WTO negotiations but CZI has failed to make any submissions because of institutional incapacity arising from staff shortages. Farai Zizhou, the Chief Economist of CZI, mentioned that currently (2005), the organisation is relying only on two members, including him to handle all affairs of the organisation. He attributed these staff shortages to economic hardships being experienced by industries in Zimbabwe such that any subscription increases are resisted. He however pointed out that individual companies have occasionally managed to communicate with the Ministry of Industry and International Trade regarding negotiations. Zizhou (2005) pointed out however that CZI have on many occasions send delegations representing its organisation to negotiations within the region. He said that regional negotiations attract a lot of support because most trade carried out by their members is within the region. Reading in between these responses one is forced to agree with Hess that the industries in Zimbabwe have been reluctant in assisting the Government to come up with negotiation strategies. Trade attaches in Geneva were therefore forced to rely on the positions of other developing countries and UNCTAD that helped them formulate draft strategies that they would send to Harare for approval. Zimbabwe followed this strategy when it made its market access commitment on goods. This included tariff reductions and bindings which were then attached to the Marrakech Protocol (1994). It is very clear from this finding that Zimbabweans did not participate fully in coming up with the tariff reductions. This politics of manipulation easily find its way in weaker parties. Stronger nations easily pushed their agendas to the national positions of such unorganized and undeveloped states.

In 1998, the situation however changed with the Ministry of Industry and International Trade establishing a Standing Committee on WTO, in Harare, which involved co-ordinating inputs from various government departments. Private sector organisations such as the Consumer Council of Zimbabwe and the Zimbabwe National Chamber of Commerce were incorporated into this committee. Most significant in the evolution of Zimbabwe’s negotiations is the consultative conference which was held by the Ministry
of Industry and International Trade in preparation for the Seattle Conference. This meeting was held in November 1999 and it involved most stakeholders in international trade who came up with a position for the negotiators. This conference was funded by United Nations Development Programme (UNDP, UNCTAD and DFID). A donor dependency syndrome is detected right from the inception of stakeholder meetings. This shows that the country was not sure of the importance of such meetings, where it was infact important to invest national resources, to give national impetus to the whole exercise. This state of unreadiness by Zimbabwe reflect a much greater negative effect of globalisation on the state. The principles of self-determination, territorial integrity and non-intervention were preceded by the global international society intervention to serve global principles. WTO dictated that all its members should participate in the multilateral negotiations and therefore national positions had to be formulated but Zimbabwe was not yet ready for such processes. The assistance of UNDP and DFID should be viewed from two perspectives. Firstly it assisted in assembling a discussion forum for Seattle Conference but secondly, it mirrored these two organisations as agents of globalisation, which ensured that Zimbabweans participated in the negotiations with a feeling of communalism, that it was in the interest of its nation that they participate in the negotiations. This assistance signifies how the state cedes its sovereign power to globalisation. Zimbabwe has not been able to fund a national conference to prepare for negotiations without the assistance of donors who were all funded by international agencies. Under such circumstances Zimbabwe is therefore rendered as a weak state since it compromises its sovereign rights to global agents.

The Ministry of Industry and International Trade is the overseer of WTO business on behalf of government in the Geneva negotiations on WTO. This is because the highest body in the WTO institutional framework is the Ministerial Conference composed of representatives of all the Members. The Ministerial Conference has authority to take decisions on all matters under any of the Multilateral Agreements. At face value it appears very impressive to discover that the Ministry of Industry is responsible for WTO negotiations yet on the ground there are factors which literally point to the contrary. This is because in international trade there are various stakeholders whose interests ought to be
organised in a coordinated fashion. In Zimbabwe, there is a Cabinet Committee on Trade and International Relations, which is chaired by the Ministry of Foreign Affairs. This is the root for the clashes of interests in that all the Ministries are involved in international trade in different aspects. This committee deals with such issues as agriculture, mines, transport, finance and small and medium enterprise, and revenue collection. This committee is supervised by the Ministry of Foreign Affairs. In the executive structure of Zimbabwe, the cabinet is the supreme body as it formulates policy for all government activities. The problem with this structure is that the Ministry of Industry and International Trade view the realm of international trade as its own monopoly. This is seen by the manner in which it just proceeded to sign international agreements without tabling the issues at the cabinet committee, nor were the issues discussed in parliament. The Ministry of Industry and International Trade used to have a Trade and Economic Relations Committee which it chaired and whose membership involved stakeholders such as the Consumer Council of Zimbabwe, Zimbabwe National Chamber of Commerce and the Affirmative Action Group. The committee became defunct unceremoniously. This shows that the Ministry became very unsystematic in handling international trade issues. Without having its own committee or consulting extensively with the cabinet committee, there is no doubt that the Ministry engaged in trade negotiations unilaterally with minimal consultations especially during the Uruguay negotiations.

The Cabinet Committee on Trade and International Relations is a working party, which is chaired by the Secretary of Foreign Affairs. This is a technocrat’s team, which discusses project details and make recommendations to the cabinet committee. Specific issues are often assigned to a special subcommittee. The existence of this cabinet committee shows that there is lack of co-ordination in the international trade aspects. The Ministry of Industry and International Trade is involved in the negotiations in Geneva and control the whole process by deciding who should attend the negotiations and which positions to take at different negotiating forums, despite inputs from Harare. In Harare, one can see the complexity of the institutional framework of the negotiations with the Ministry of Foreign Affairs chairing the committee on trade, at cabinet level whilst the Ministry of
Industry and International Trade is the anchor of WTO negotiation in the capital and in Geneva.

There are serious understaffing problems in the Ministry of Industry and International Trade. WTO issues are handled by the International Trade Department. This Division has two sections, that is Regional and International Organisations and Commodities (RIOC). This section deals with such organisations as the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC), the World Trade Organisation (WTO), the European Union- African Caribbean and Pacific (EU-ACP) Protocol, G15 and NEPAD. The other section is the Bilateral Trade Relations (BTR). It is responsible for country-to-country trade relations. RIOC has nine (9) officers whilst BTR has six (6) officers\(^{14}\). Such staff establishment figures show that the Ministry does not have enough manpower and expertise to engage in WTO negotiations. This has resulted in the Ministry subcontracting its research studies to consultancies. TRADES Centre is one such organisation, which was mostly awarded the mandate to research on behalf of government. It carried out the impact assessment for the ACP-EU negotiations and it trained the negotiators in 2004. The problem with this arrangement is that only funds provided by the EU were used. The Government of Zimbabwe (GoZ) did not make available any funds to carry out its own independent research. It is a mockery of democratic negotiations to be given terms of reference for the research by a donor who is involved in the negotiations. Whilst the GoZ perceived its relationship with EU as beneficial, this is clearly a demonstration of a relationship of unequal power, which signifies dependency. The EU shapes the structures of the periphery to meet the needs of the Centre. In this regard the ultimate objective of the EU is to prepare Zimbabwe for negotiations in order to extract its resources.

### 3.3 Negotiation Strategy

Technocrats in the Ministry of Industry and International Trade advise the Minister on which positions to take pertaining to multilateral negotiations. The Ministry’s officials claimed that a national position is obtained from consensus reached by relevant

\(^{14}\) These figures were obtained in 2004, from the Ministry of Foreign Affairs.
stakeholders such as Confederation of Zimbabwe Industries (CZI), Zimbabwe National Chamber of Commerce (ZNCC), Consumer Council of Zimbabwe (CCZ), Competition and Tariff Commission (CTC), Zimbabwe Revenue Authority (ZIMRA), Reserve Bank of Zimbabwe (RBZ) and Non Governmental Organisations (NGOs). Information obtained by this study show that these organisations mostly presented their general concerns at seminars organised before a Ministerial Conference. The issues covered in these seminars were discussed in depth in the preceding sections. However, overally these sections present facts which points to lack of specificity on the recommendations made by participants due to lack of data and research on areas in question. This study also revealed that proper consultations were not feasible because government did not provide funding for research to be carried out before coming up with precise country positions. What the government could obtain from the selected stakeholders were their opinions, without further verifications and analysis. The country had insufficient analytical capacity to understand the issues under negotiations. Meaningful research was also limited by the general lack of preparation or planning strategies by the Ministry. Country positions on a few issues were arrived at hastily. Even when the Ministry called meetings for stakeholders, a day’s notice was given to them to prepare for the meetings. This shows that there was poor prioritisation of national interests on the negotiations.

The WTO provides funding to its members to attend the negotiations. The funds are obtained from the pool of subscriptions provided by all members. The WTO purchases tickets and provides allowances for a country’s representative. The problem with this arrangement is that the WTO can sponsor a minimum number of persons, for example two delegates, when in fact there will be many meetings requiring various expertise. Because of foreign currency shortages, the Ministry of Industry and International Trade at times even failed to send delegations in some of the critical WTO negotiations. The private sector was also not forthcoming in sponsoring negotiating teams mostly because they were not consulted satisfactorily prior to coming up with any national position. This was unlike most developed countries who sent expert negotiators and various specialists, including representatives of Multi – National Corporations (MNCs) to Geneva.
the WTO’s headquarters in Geneva\textsuperscript{15}, showed that there was an absence of a Zimbabwean nor black African from about seven (7) informal meetings which were taking place in the WTO’s offices in Geneva, in a day. This was quite alarming, given that the official schedule of meetings only reflected that they were four (4) meetings taking place on that day. When asked to comment on this situation, Ministry of Trade officials in Harare indicated that in actual fact positions are negotiated in these informal meetings whilst general positions are taken at official meetings. This in fact confirms Hoekman’s (2002) observation that WTO Ministerial Meetings are mere graduation ceremonies. If formal meetings were four and informal meetings were seven on that day, it shows that the Zimbabwean delegation is critically understaffed to the extent of rendering their presence almost invalid. When the researcher inquired with the WTO’s secretariat where one could find the Zimbabwean delegates, the response was that they do not know where they were since more than ten meetings were taking place on the same day and some of these meetings were informal even though they were being held inside WTO building.

In the period between the Uruguay Round (1994) and Singapore Ministerial (1996) conferences, the Government of Zimbabwe, like most developing countries were criticized for having signed the Uruguay Round without involving their nationals. Most Zimbabweans did not know what the negotiations were about or their implications on their businesses and livelihoods in general. This criticism came mostly from the private sector and civil society since they had not been consulted on the negotiations. This resulted in these parties failing to articulate the issues underlying the negotiations.

At an international level, Zimbabwe was involved in many informal groupings which involved consultations on WTO issues. These informal groups include the Group of 77 in UNCTAD and Group of 15, Africa Group at Geneva, South Centre, the Like Minded Group (LMG) and NGO forums such as SEATINI (Southern and Eastern African Trade and Information Initiative). Zimbabwe also consulted its regional groupings of SADC and COMESA. In such consultations, Zimbabwe did not come up with its own positions

\textsuperscript{15} Visit to WTO headquarters was done by the researcher in October 2005
were it rallied for support. It did not have a defined national policy framework and strategies addressing some of the trade challenges. Instead, it tended to follow positions of the most articulate members, mostly India, Brazil and Yugoslavia. Zimbabwe developed its positions only in reaction to other members’ agenda instead of taking a proactive approach. By joining these groups, Zimbabwe hoped to improve its knowledge, technical expertise and negotiating skills. The problem with such a view is that these organisations were also made up of developing countries who faced similar problems like Zimbabwe, except with a few cases like India, Brazil, Yugoslavia and South Africa. This is the reason why developed countries continued to bulldoze their decisions in the WTO. The negotiation positions adopted by Zimbabwe will be better understood if some conferences are analysed in relation to Zimbabwe’s concerns. The following section will clarify the negotiation strategies adopted by Zimbabwe in the WTO and analyse the obstacles it faced in these negotiations.

3.4 The Role of Local Non Governmental Organisations in WTO Negotiations

Non Governmental Organisations (NGOs) or the civil society has been involved in various ways with WTO negotiations. This study divided these organisations into two levels: local level NGOs and supra national level NGOs. Local level NGOs engages the local community whilst supra national level NGOs are involved with work at ambassadorial level even though there could be collaboration with local level NGOs.

The Southern and Eastern African Trade, Information and Negotiations Initiative (SEATINI), is a supra national level NGO which was formed in 1996 to strengthen Africa’s capacity to take a more effective part in the emerging global trading system and to better manage the process of globalisation. It also aims at helping to build the long term capacity of African countries on trade related matters through building information networks using electronic and print media; develop a documentation centre and build on institutional memory and learning; monitor developments in the area of trade and trade related matters; monitor and evaluate the results of Africa negotiations on trade and related matters; help raise awareness and bring into the discourse the concerns of the private sector and of civil society on trade related matters; and undertake scientific
research into the contemporary issues arising out of the demands of globalisation, the new multilateral trading regime, regionalism, and national responses to these issues (SEATINI, 2002). Rangarirai Machemedze, the Acting Director of SEATINI (2004) clarified that this organisation does not represent any civil society but work with those who want to influence policy. He said that the mandate of SEATINI is at ambassadorial level, not at grassroots level. This is why they often engage these ambassadors at what they call “high level meetings”, like the one held in Mauritius in November 2000. For this meeting participants were drawn from senior trade officials, representatives of the private sector, diplomats from South Africa, Zimbabwe, Zambia, Mozambique, Namibia, Tanzania, Kenya, Uganda and Mauritius. The overall objective was to strengthen Africa’s negotiating capacity within the WTO and other negotiating forums and develop closer coordination between various stakeholders within the SEATINI region. One of the specific objectives of the workshop was to establish mechanisms for effective dialogue between the Geneva offices and capitals, and links both with the private sector in these countries. One of the recommendations made at this workshop was that “--- In future multilateral agreements that affect populations, business and indeed governments should be subject to debate and approval by national parliaments. This should ensure that appropriate platforms are created for private sector input at all levels” (SEATINI 2000). This NGO has been thus involved in educating senior trade officials on how they can strengthen their negotiating skills. However given the fact that such recommendations are never implemented by these officials back home, one can only recommend that such NGOs should also make follow ups on the implementation of recommendations made at such conferences and re-engage the officials again or even ask them to evaluate themselves along the Africa’s Peer Review Mechanism model.

SEATINI, responding to questions on this study highlighted that in terms of ideology, it does not support neo-liberalism, rather it supports people centred development. It believes that all WTO negotiations should put people first before profits. This explains why it is part of the Africa Trade Network which is made up of different individuals and NGOs advocating for people centred negotiations, like the “STOP EPAs campaign”. As one of its landmarks, SEATINI believes that it has managed to improve the
understanding of trade negotiators on WTO issues. SEATINI also believes that it has tried to slow down the processes of liberalisation as can be seen by the failure of Seattle and Cancun. SEATINI has in fact participated as an officially registered NGO at all Ministerial conferences since its inception. As a result of its involvement on WTO issues, there are many organisations who have registered their interests to work with SEATINI. The latter said that United Nations Development Programme (UNDP) in New York and the African Capacity Building Foundations are funding SEATINI on building the capacity of negotiators.

On some of the obstacles faced by SEATINI, this organisation revealed the limited numbers of NGO representatives that are allowed to participate at Ministerial conferences. It was noted that at Cancun for example, NGOs were allowed to send three (3) people. Government delegations are however not limited. The results of this study show that the Government of Zimbabwe (GoZ), normally lists most of its stakeholders including NGOs on its delegation schedule, but surprisingly these are not informed. They in fact get shocked in Geneva to note that their names are on government delegation list. A possible explanation for this setback in communication is lack of funding provided by government to fund the stakeholders travel and subsistence, hence only those who by chance make it to Geneva are then asked to assist it on various issues. Through this way, SEATINI managed to participate at WTO on the government delegation. SEATINI informed this study that inside the conference, it is only the minister who can present and the other delegates can only pass comments through written notes. This is why it is important for the government to engage all stakeholders before any Ministerial conference and that the delegation should comprise of people who are fully conversant with the issues at stake.

As an organisation which has an office in Zimbabwe, SEATINI, was requested in this study to comment on the obstacles which they think face Zimbabwe in the negotiations. In addition to technical incapacity, SEATINI mentioned that awareness on trade issues is limited in Zimbabwe, for example, cotton growers have no idea about the implications of WTO negotiations on cotton prices. In this regard SEATINI is assisting with
dissemination of information through local NGOs who have the mandate at local level, for example it collaborates with trade unions to reach to workers. It also has linkages with such NGOs as Zimbabwe Coalition on Debt and Development (ZIMCODD) to reach to farmers.

ZIMCODD, is a local level NGO whose head office is in Harare. On WTO issues, ZIMCODD has been engaged in a cotton campaign in which research, advocacy and training are its key functions. They explain to small-scale farmers on WTO and its impact on them. They mostly engage farmers from Chipinge, Guruve and Gokwe in their activities. According to ZIMCODD, there are over 200 000 small-scale farmers who are mainly dependent on cotton production for their basic subsistence in Zimbabwe. Small-scale farmers who depend mainly on rainfall produce 95% of cotton produced in Zimbabwe. Zimbabwe earns an average of US$150 million annually from the export of cotton lint. The advocacy work of ZIMCODD is centred around questions why Zimbabwe sell raw cotton without ginning it; why should the Zimbabwean farmer continue to be price takers and why should they not be part of WTO negotiations? ZIMCODD is involved in a capacity building process, where small scale farmers are taught on how to maximise profits; build popular awareness on the pricing market; advocate for cotton to remain on the agenda of Ministerial conferences so that the issue of EU and US cotton subsidies which distort international prices are discussed; empower the Zimbabwe small scale farmers to input into WTO negotiations; discusses with all key players: farmers, merchants and governments; wants the government to clearly define subsidies; need to ensure that the farmers’ voice is heard in the National Cotton Council; need to ensure livelihood sustainability. In order to achieve its objectives, ZIMCODD convenes all stakeholders’ workshop to try and iron out domestic problems encountered by small-scale farmers; publishes press releases; carries out research and documentation; supports value addition policies; and it established a National Action Committee to spearhead the Cotton Campaign of Zimbabwe.

One can observe that ZIMCODD has transformed itself from an organisation which predominantly focused on Debt to one which is now actively involved in trade issues.
This could be a realisation that there is a close nexus between debt and trade. As long as there are distortions in the world market structure, developing countries will continue to be international debtors. Where production costs are high and the selling prices are low, developing countries’ exports cannot contribute to sustainable development. This is because the little foreign currency which is earned is stretched between a number of a country’s obligations ranging from education, health and other social services.

TRADES Centre (Southern African Trade and Development) is a civil society organisation engaged in research and training activities of international economic issues. Most significantly, Trades Centre has been engaged in awareness campaigns. They have held many seminars either discussing issues of interests to Zimbabweans before a Ministerial conference or evaluating a Ministerial conference in relation to its impact on the Southern and Eastern region of Africa. For example in 2002 Trades Centre in conjunction with Friedrick Ebert Stiftung (FES) held a workshop in Vumba, Zimbabwe on the ‘WTO New Round of Negotiations: The Doha Ministerial Conference and Post Doha Agenda’. The aim of the workshop was to: take an audit of what SADC countries had expected from the WTO Doha Ministerial Conference (per each WTO agreement) against the outcomes from Doha, discuss emerging controversies in the interpretation of what was agreed in Doha, discuss the WTO post Doha process particularly the necessary preparations and steps for SADC in view of the current WTO new round of trade negotiations and make an analysis of the commitments in the WTO Doha conference. Participants at this workshop were drawn from SADC and COMESA countries such as Mauritius, Zambia, Malawi, Kenya and South Africa. The outlook of these workshops was such that the Government of Zimbabwe could have organised similar gatherings to disseminate information on what happens in Geneva. It looks like Trades Centre was doing the involuntary awareness campaign for government as government took a backseat in the dissemination of information. At one of Trades Centre’s regional conferences, the Ministry of Industry and International Trade actually brought in about ten of its newly recruited officers so that they could learn about issues to do with the EU-ACP negotiations. The GoZ through its Foreign Affairs – Institute of International Relations, could surely organise its own
seminars to train all officers who deal with such international organisations. The reason why government may have failed to organise such workshops could be due to shortage of staff and expertise on WTO issues and lack of funding.

Trades Centre is also involved in awareness campaign and capacity building at a local level. They educate the local community on what WTO is all about and how it can possibly affect their livelihoods. They have thus held a number of workshops with farmers, women’s clubs and cross borderer traders for example. These workshops have a problem in that their concerns are not taken up to government for consideration in the negotiations.

The Community Technology Development Trust (CTDT) is a non-governmental organisation working for ‘the voiceless and marginalized poor’ particularly in the semi-arid areas of the SADC region. CTDT views the current global socio-economic order as the primary cause of poverty, injustice and degradation of natural resources as supported by this study. CTDT programmes are directed towards transforming the structural mechanisms of the global system in socio-political, economic, cultural and development aspects and using them to distribute global wealth and power equitably while ensuring the sustainable management of the planet’s bio-diversity. Of the CTDT led various projects, its policy and advocacy activities are of relevance to the WTO. CTDT promotes and emphasises participatory and gender sensitive policy which relates to farmers rights; community resources rights, access and benefit sharing mechanisms; community institutional frameworks and traditional practitioners’ rights. With regards to these issues, CTDT is working on capacity building of policy makers, NGOs, CBOs and civil society on implications of various international instruments including the WTO. CTDT activities on issues to do with the WTO can be recognised particularly on the effects of the TRIPS agreement to the Zimbabwean community. CTDT has been advocating for a sui generis (specific law) to protect traditional knowledge which infact is not covered by the TRIPS Agreement, yet traditional knowledge in the country has been subjected to bio-piracy mostly by agro-industrial research and development companies and pharmaceutical companies from the North. As a result of its consultative activities, a draft ‘White Paper’
was eventually produced and this has been widely debated by various groups such as traditional healers, environmentalists, farmers, seed growers, NGOs and parliamentarians. CTDT is advocating that where access is to take place the community’s consent should be first sought before any activity is carried on their territory. It argues that the approval should clearly state the terms of technology transfer where appropriate and the fair distribution of benefits agreed to in the permits as well as how associated knowledge held by people in each particular area where access is to take place is going to be protected. CTDT advocates that the law should ensure that at least a defined percentage of benefits not less than 50% of the net monetary gain should be obtained from direct or indirect commercial use of biological and genetic resources in which the communities are the owners, sole custodians be paid to the local community or the group constituted as a community. They also argue that the law should recognise the right of local communities to oppose access to the resources and associated knowledge for cultural, spiritual, social, economic or any other reasons. Whilst CTDT is involved in developing a sui generis on traditional knowledge, it has a very difficult task in that it is initially involved in explaining to the community what the TRIPS agreement is all about and then educate them on why they should have a *sui generis*. This has thus led this organisation to limit its activities to bio-diversity yet a sui generic should cover issues also like traditional music and story tales.

This section shows that many NGOs in Zimbabwe are not actively involved in WTO issues. This results in a few organisations working on the issues to be inundated with activities. These few organisations try to do almost everything from advocacy, information dissemination and training, yet in order to be effective an NGO could pick one activity and also one aspect of the WTO like agriculture. For a start the government has not been doing its part of at least informing the public about the basics of the WTO instrument. This framework results in the public failing to clearly understand the issues since an NGO normally presents its side of the story depending on its ideology. An NGO for example can submit a ‘no to WTO negotiations campaign’ thus resulting in the public failing to appreciate what the negotiations are all about. This mix up has also been exacerbated by the stand off that is there between NGOs in Zimbabwe and the
government. This is because of the political environment in which government thinks that the activities and funding of the NGOs should be monitored in order to restrain the NGOs from receiving funding to stifle government’s activities. This mistrust can also be used to explain why many NGOs in Zimbabwe have not been actively involved in WTO activities. This stance by government has also resulted in mostly pro-government policies or activities being carried out by government. This has a negative effect on policy formulation since it distorts information objectivity. The government may think that the community is giving it thumbs up on certain policies yet the opposite will be true. The difference between NGOs and the state becomes obscured. The ideology of the civil society becomes subsumed in that of a state. This denies access to power to traditionally deprived groups such as women and racial or ethnic minorities. Another daunting effect on the activities of the NGOs is that donors from the North fund those NGOs discussed in this study. The concern with this issue is because the intentions of these donors are divided between the democratic ideals and the quest for profit. This hinges on the effectiveness of the NGOs in approaching the aspect of sustainable development in relation to globalisation. This aspect is likely to result in compromised policy objectivity as traditional societal values can be diluted in the globalised world.

3.5 An Analysis of some WTO Conferences

3.5.1 An Evaluation of the Seattle Conference
The Third Ministerial Conference was held on the 30th of November 1999 in Seattle, United States of America. It was highly symbolic as it marked the end of one millennium and the beginning of another millennium at the height of global capitalism. The Seattle conference demonstrated the inherent institutional crisis in the WTO. The anti globalization protests marred the dream idea of launching a millennium new round of negotiations.

The then Director General of WTO, a first non European Director for the organisation, Mike Moore was optimistic that the Seattle conference was destined to be successful because the global conflict between ‘-isms” had disappeared. He did not realise that
globalisation itself has many critics who fail to realize the benefits that developing countries can obtain from such a frontier. Thousands of Non-Governmental Organisations (NGOs) registered opposition to the WTO which they viewed as an undemocratic “global government”. These NGOs viewed the WTO as a platform to promote and protect global corporate interests and specific big power national and strategic interests. Protests in Seattle were carried out by both the NGOs and national governments, formally and informally in all cases. This conference was a triumph for global movements against the globalisation frontier of liberalisation. Dot Keet (2000) recognises that the Seattle meeting was a victory but that the victory has to be recognised as a successful defensive battle rather than a decisive battle, because the war by the WTO and using it to drive the emerging global system goes on. These war mongers (NGOs) have not yet won since developed countries have continued not only to use the WTO as a front to advance their interests but other fronts such as the International Monetary Fund (IMF), World Bank, United Nations (UN), regional and bilateral relations.

The Alternatives (2003:5), reported that protesters were against the attempt made by US and Europe to give the WTO more powers and subjecting more human needs to trade rules, the market and profit. The paper further argues that these protests were the result of the realisation after only five years that the WTO had become an instrument of Multi-National Corporations (MNCs) to concentrate global wealth and power in the hands of few MNCs, elites and some governments in the North. The Alternatives also reports that the Seattle conference had many protesters because there was reasonable unity and resistance by developing governments against being bullied into agreements not favourable to them. The paper rightly cites the existence of disagreements between the EU, US, Japan, Canada and other industrialised countries which also contributed to the collapse of the WTO meeting at Seattle. The Seattle meeting set the culture of protest at WTO meetings in motion such that the presence of such protesters increased at each ministerial conference which followed after the Seattle conference.

Moore spoke against the anti-global movements, accusing them of being misguided since they considered the WTO as undemocratic. He alluded to the fact that Ministers
represented their people which means that at the conferences they had their mandate. This view is not withstanding the undemocratic nature of the negotiating processes by the sovereign states. Most ordinary people in the developing countries were not aware of these negotiations, neither did governments allow a platform for an input into the system. Ambassador Charlene Barshefsky who chaired the Ministerial Conference raised disappointment on this state of affairs since she thought it meant delay in unpacking benefits to developing countries. This statement does not realise the truth of the matter as alluded to by Moore before the beginning of the conference, that tens of millions of jobs in OECD countries were directly related to exports and overseas investments.

From the above analysis one can note that the Seattle conference showed that developing countries were beginning to get enlightened on the negative effects of the WTO. The NGOs from developed countries assisted them in advancing this agenda. The Geneva meetings had failed to wield any agreement. This shows that for any Ministerial Conference to succeed the preparatory stages in Geneva should eventually lead to a draft working document to be discussed by the Ministers. This means that if there are disagreements amongst the ambassadors, the Director General should suspend a forthcoming Ministerial Conference until indicators of cohesion are showing up.

3.5.2 Zimbabwe in the Seattle Ministerial Conference
Zimbabwe’s interests at Seattle conference can be evaluated by analysing issues brought by stakeholders before the conference and the views of the same after the conference. In this section, the role of the state, Non Governmental Organisations, industry and other stakeholders are established and analysed in relation to the question of whether the WTO can salvage Zimbabwe out of poverty.

In terms of preparing for the negotiations, the conference was hosted by ZIMTRADE and Ebert Stiftung Foundation from the 25th to the 26th of October 1999 in Harare. At this workshop there was a cross-section of all stakeholders on trade in Zimbabwe. Otherwise the Ministry of Industry and International Trade did not organise such a meeting which was to provide a very important input in the negotiations in Seattle. The seminar is very
relevant to this study as it was entitled “What are Zimbabwe’s concerns and interests”, at the Seattle Ministerial Conference.

Schmidt, of Friedrich Ebert Foundation noted that in many developing countries there was no capacity to negotiate for WTO provisions. There were also logistical problems, for example the African, Caribbean and Pacific member states are dotted all over the world and could not regularly meet to come up with a common stand compared to the European Union member-states. This is indeed one of the biggest challenges that is faced by developing countries. They are not homogeneous. This group consist of countries with poor economies, including the Newly Industrialising Economies (NIC)\(^{16}\). Finding issues of commonalities becomes a difficult task in such a large fora. Comberbach, the then permanent secretary for the Ministry of Trade highlighted that now, several years later, on taking stock of and assessing situations, everyone realises that the anticipated benefits for developing countries have not in fact materialised, certainly not to the extent envisaged or promised. He alluded to the fact that most developing countries, including Zimbabwe, have experienced difficulties in meeting WTO obligations and not being able to participate meaningfully, through the WTO, in influencing or managing the global trading regime. Notwithstanding the waivers, extensions and traditional periods, the fact is that developing countries have not been able to fully align their economies to cope with problems of the new trade regime, or even to take adequate advantage of the undoubted opportunities flowing from this multilateral liberalisation. He noted that the foregoing was understandable since adjustment of production and trade patterns are not, and cannot be merely a function of time, complementary policies and significant additional resources are needed to make the trade development matrix functional. This shows that any country cannot realise benefits from the liberalisation of trade unless its internal policies are aligned in order to realise benefits from such a system.

\(^{16}\) NIC is a term which was used particularly in the 1980s for developing economies which were in the process of transforming significant parts of their economies to a stage where they had many of the characteristics of industrialised economies. Examples of such economies include Hong Kong, Mexico, Malaysia, Republic of Korea, Taiwan and Singapore (Goode, 2001)
Ambassador Chidyausiku, the then permanent representative of Zimbabwe to Geneva in 1999 pointed that he noted that although the WTO was an intergovernmental body, it is important to ensure that governments negotiate on behalf of all stakeholders. This was only possible if a viable consultative machinery were set up which ensured the full involvement of the stakeholders. Within the various sectors and apex organisations there was need to mobilise the resources of key strategic planning units – the participation of all citizens through their elected representatives, academia, civil society and other interested parties. He was in fact advocating for an establishment of a participatory democratic system in the preparation of negotiations. The Zimbabwean Government implemented half measures of this recommendation. It is applying a selective participation system in which it determines whom it wants to consult. It has normally consulted stakeholders on a bilateral basis, or even where it called for a seminar, this did not guarantee automatic inclusion into its position. One can note the separationist policy, in which the government views itself as the chairperson with a deciding vote. It has in fact been using this vote most of the time. Chidyausiku indicated that Zimbabwe submitted a number of proposals in the context of Group positions such as G-15, G-77, African Group, SADC, COMESA, Group of Commonwealth Developing Countries as well as the Like-minded Group.

Participants at this conference expressed that there existed serious communication and information gaps/lags between Harare and Geneva. They also pointed out that there was need to be continuously briefed given that new issues within the WTO context were always cropping up. The Minister Counsellor to Geneva, T. Chifamba noted with concern that the Zimbabwe country Geneva office was inadequately manned. For example, at times there were more than six sessions on Sanitary and Phytosanitary measures (SPS), and South Africa would have about four people in attendance. The South Africans could afford to second an officer for six months to the SPS committee. In that regard, it was essential that in the short to medium term, Zimbabwe intensifies its consultative processes and increases interface with all stakeholders including the Geneva office.

17 These are measures necessary for the protection of human, animal or plant life or health.
The commercial farmers at this conference noted that they expected more equitable trade agreements and tariff regimes which prevent government intervention in agriculture from distorting trade, while at the same time removing non-tariff barriers and increasing market access to developed country economies. It is important to note that these sentiments were being echoed just when the land reform programme had started in Zimbabwe. There was a general feeling that the Government itself was becoming a non-tariff barrier to trade by taking over the white owned farms and consequently farm produce exports.

It was noted that Zimbabwe should seek alliances with like-minded agricultural exporting countries such as the Cairns Group (Argentina, Australia, New Zealand, Indonesia and Papua New Guinea) in order to give it the critical mass necessary to be heard. This was why Zimbabwe could not negotiate in the SADC configuration on agricultural issues since the only other country that was a net agricultural exporter in that region was Mauritius. South Africa, while it was the biggest economy in SADC, it was a net agricultural importer- although it specialized in a number of products that were particularly WTO sensitive from a trade point of view e.g. sugar, wine, dairy products and fruit.

According to Hulley B. representing the Textile Association of Zimbabwe, in order for the textile industry to be able to fully adhere the WTO provisions, it needed at least 10 years. He noted that once there are production overruns (surplus) in Europe and SADC is taken as a market option, local companies would perish due to the sheer volumes. The industry still had a comparative advantage in the cheap labour force, but in order to revitalise the industry and grow, Hulley noted the need to create a conducive environment, whereby the tariff structures of the SADC member states are significantly reduced – by at least a 40 percent effective tariff reduction rate. There was need to have the right macro-economic environment, thereby making access to affordable funds feasible. He noted that the industry can not re-equip with financing from facilities attracting as much as 70 percent rates of interest. What Hulley was highlighting here was
the need for macro-policies, which would enhance the industrialisation process in the country in order to prepare industry for trade liberalisation process. This view therefore called upon government to prepare for the internationalisation of capital, which was likely to result in the extinction of local companies, if they did not take appropriate measures to brace up.

According to Manyonga R, the acting Assistant Registrar, Office of the Comptroller of Patents, Trademarks, Industrial Designs and Copyrights, there was an urgent need to organise a national meeting to explain the implications of the TRIPS Agreement to industry, commerce and other stakeholders. There was also the need for fellowship study visits and advisory meetings that needed to be undertaken and these should include: special meetings and courses for policy makers/advisors, officials, judiciary and enforcement agencies (customs/police), attorneys, scientific researchers and academic institutions, inventors and inventor’s associations, had to be convened. He argued that assistance regarding technology transfer and licensing arrangements should be extended to these bodies. This input shows that in 1999 most key departments including the general public had no idea what the TRIPS agreement was all about. This is why they were lots of generalised statements made in this presentation. Worse still, government showed no precise commitment on the way forward in terms of unpacking the TRIPS Agreements. No research went into what aspect exactly the country wanted to be incorporated into the TRIPS agreement and as such the Uruguay Round was no less than concessions signed by Lobengula as he ceded land to the whites without knowing it. He was just made to sign the document. Zimbabwe feared isolation and the costs of not being in the trading body, when it joined the WTO.

According to Nhara A. from the Competition and Tariff Commission, the Anti-Dumping (AD) Agreement was highly complex and technical. He urged members to explore the possibility of evolving a simplified procedure for undertaking anti-dumping actions. He pointed at the need for the simplification of the procedural requirements as they relate to the data required to determine injury. He highlighted that developing countries would like the de minimis margin of dumping, currently at 2 percent below which no anti-dumping duty can be imposed to be raised to 5 percent for their exports. Additionally, the volume
of dumped imports, which shall normally be regarded as negligible, should be increased from the existing 3 percent to 5 percent. Of importance to this contribution was the possibility by many developing countries to apply the Anti-dumping Agreement by failing to institute the required investigations to prove product dumping against the actual cost of dumping. Whilst developed countries argued that this measure was meant to protect developing countries largely, the contrary is true because of the inability of these countries to access this benefit because of incapacity.

The Minister Counsellor of the Zimbabwe Embassy in Switzerland, T. Chifamba, focused on technical assistance as one of the key elements to assist developing countries integrate into and derive benefits from the multilateral trading system. Unfortunately, technical assistance had not been accorded the importance it should be given. Regular WTO’s technical assistance’s budget of CHF 741 000 is 0.5 percent of total budget of CHF127 million. Out of a total of 134 members to the WTO (by 1999), there were 90 member states carrying the developing countries nametag. Technical assistance addressed the following: building the analytical capacity of trade negotiators; building infrastructure capacity to address information asymmetries; building institutional capacity of all stakeholders; assisting WTO members in fulfilling their Notification obligations; assisting WTO members in effecting appropriate legislative reforms. He noted concerns of developing countries on technical assistance as they prepared for Seattle. He identified them as: making technical assistance one of the core activities of WTO; directing all future budget surpluses to technical assistance; deploying more personnel and resources to the WTO Technical Cooperation Division; providing more technical assistance in the area of dispute settlement; instituting an annual evaluation of WTO technical assistance activities; improved coordination with other organisations such as World Bank, ITC, UNCTAD, WIPO, Sub-regional organisations and many others. Mr. Chifamba pointed out that there were other organisations and bilateral donors who gave more useful assistance as the government strive to prepare national positions. In this regard, a number of programmes have been initiated, for example: UNCTAD/UNDP project on the evaluation of the impact on implementing Uruguay Round Agreements on Zimbabwe; Zimbabwe/DFID project on capacity building directed at all stakeholders and building
institutional capacity; UNDP Programme for trade related technical assistance for Africa – continent wide and also seeks to build capacity of regional secretariats and institutions; need for a coordinated approach especially with sectors; need to involve NGOs and the academia as well as labour. What is clear from this presentation is that the Government of Zimbabwe was aware of its technical inadequacies in handling trade negotiations. This study failed to identify any resources allocated by government to improve this technical capacity. It relied on donor funds which is not a sustainable measure. This may however indicate the unpreparedness of Zimbabwe to devote any of its meagre resources to a process which it did not understand and had little hope about.

It can be noted that this workshop which was supposed to come with country positions for Zimbabwe, was to a larger extent used as a forum of informing the public what the WTO was all about. The study noted that most presenters just generalized on the issues they were supposed to cover, thereby not contributing much to the objective of the workshop. Proper needs-assessment studies is what was required in order for Harare to inform precisely on their needs to the Geneva based team which attended the workshop.

Zimbabwe has benefited, though in a less significant way, from some of the WTO technical assistance missions. There is need to move away from generalised seminars which merely aim at increasing awareness of WTO agreements and procedures. The country should undertake careful needs assessments to identify areas of need and to tailor technical assistance programmes to address those needs. It was noted that the WTO was not the only organisation offering technical assistance – after all they always give neutral advice.

The Standards Association Acting Director, Mutasa, highlighted the marginalisation of developing countries in the WTO. Zimbabwe being a member of the WTO was a signatory to the WTO Agreement on Technical Barriers to Trade. Zimbabwe therefore committed itself to reduce its protection of the local industry by means of lowering tariffs on imported goods. Her concern was that Zimbabwe should also ensure that technical regulation standards or testing and certification standards adopted in Zimbabwe do not create designated and unnecessary barriers to trade. The Standards Association of
Zimbabwe (SAZ) was signatory to the WTO/ TBT Code of Good Practice for Preparation, Adoption and Application of Standards. This Code encouraged the adoption of international standards. This could be achieved by joining various organisations such as International Standards Association (ISO), International Labour Organisation (ILO) and World Health Organisation (WHO). The problem that developing countries faced in these bodies was the dominance of certain countries, for example European Union countries, USA, Japan and China. This extended to the WTO since ISO members were also WTO members. This resulted in the marginalisation of developing countries from WTO processes. ISO standards were published through a voting process. Most developing countries could not participate in the preparation of international standards because of lack of financial resources. Mutasa noted that SAZ was struggling to pay ISO annual subscriptions of 30 000 Swiss Francs. It was also failing to attend most of the meetings yet the standards do cover such products as tobacco, sugar, textiles and leather, where Zimbabwe had economic interests.

Mutasa pointed at the need to provide technical assistance to developing countries. This technical assistance should be friendly to the local environment unlike the present state where the conditions of assistance were dictated upon by the donors who are the developed countries. It was also noted that SAZ also needed to urgently upgrade its laboratories, establish world-wide accepted certification schemes, set up its WTO/ Technical Barriers to Trade (TBT) inquiry point and establish world-wide accepted certification schemes.

One can conclude that many issues raised by Zimbabweans point to the unpreparedness of developing countries, particularly Zimbabwe, to handle the preparation, negotiation, implementation and evaluation stages of the WTO. Developing countries do not consult stakeholders before attending a ministerial conference or a trade negotiating committee meeting. The biggest problem of developing countries is knowing exactly what they want because research is not being carried out including just taking stock of what is available. Statistical reports are often outdated. This results in a lot of generalisations as members go to participate at international forums. A clear example is of the TRIPS Agreement
where the EU has already documented 3000 products, which it wants patented. Developing countries are just going to wake up and find the products, which they produce being listed by EU. All these issues point to the fact that in WTO, Developing countries are negotiating on an uneven ground. One wonders whether the WTO should have adopted the MFN principle at all with such unequal partnership, which exists. The researcher strongly believes that the principle of non-reciprocity should be adopted by the WTO in order to account for historical consequences of poverty, slavery, colonialism and neo-colonialism which continue to affect most developing countries.

3.5.3 Zimbabwe and Its Position on Seattle in Various Groups

The above findings show that Zimbabwe submitted a number of proposals in the context of Group position such as G-15, G-77, African Group, SADC, COMESA, Group of Commonwealth Developing Countries as well as the Like-minded Group. This section will analyse the submissions of some of these groups in order to highlight the Zimbabwe position at Seattle.

The African Group 18 blamed the industrial North for failing to implement key provisions of existing WTO agreements that benefit developing countries, and interpreting others in ways that erode Africa's competitive advantage in such areas as agriculture, textiles and leather goods. African governments called for a "development round" of trade negotiations to review implementation of the current Uruguay Round accords. This group opposed the European Union call for an expanded "millennium round" of negotiations on such complex and sensitive issues as investment, competition policy, government procurement and electronic commerce.

The African Group wanted WTO rules reviewed in order to increase African exports and remove tariffs on all imports from least developed countries (LDCs). The World Bank estimates that high tariffs, anti-dumping regulations and technical barriers to trade in industrial countries cost sub-Saharan Africa $20 billion annually in lost exports (www.

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Africans recommended greater co-ordination between aid and trade. They therefore called upon the North to co-ordinate aid and investment policies. This call was made on the background that foreign aid and investment in this region was declining, which made it difficult to produce new goods and services. In the case of Zimbabwe, foreign investment was on the decline from 1996 up to the Seattle Conference of 1999, as shown on Table 3.1.

**Table 3.1: Investment summary, US$ million 1996-1998**

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>Investment Approved</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>68.3</td>
<td>126.2</td>
<td>154.9</td>
</tr>
<tr>
<td>Mining</td>
<td>324.7</td>
<td>47.4</td>
<td>113.7</td>
</tr>
<tr>
<td>Agriculture</td>
<td>62.5</td>
<td>5.7</td>
<td>1.9</td>
</tr>
<tr>
<td>Tourism</td>
<td>243.5</td>
<td>27.3</td>
<td>83.5</td>
</tr>
<tr>
<td>Construction</td>
<td>87.5</td>
<td>115.1</td>
<td>293.6</td>
</tr>
<tr>
<td>Commercial</td>
<td>92.9</td>
<td>112.2</td>
<td>932.4</td>
</tr>
<tr>
<td>Transport</td>
<td>4.3</td>
<td>2.7</td>
<td>31.3</td>
</tr>
<tr>
<td>Other</td>
<td>883.7</td>
<td>436.4</td>
<td>1,611.2</td>
</tr>
<tr>
<td><strong>Actual investment up to 1998</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>37.6</td>
<td>63.1</td>
<td>38.7</td>
</tr>
<tr>
<td>Mining</td>
<td>178.6</td>
<td>23.7</td>
<td>34.1</td>
</tr>
<tr>
<td>Agriculture</td>
<td>34.4</td>
<td>2.9</td>
<td>0.6</td>
</tr>
<tr>
<td>Tourism</td>
<td>133.9</td>
<td>13.6</td>
<td>25.1</td>
</tr>
<tr>
<td>Construction</td>
<td>48.1</td>
<td>57.5</td>
<td>58.7</td>
</tr>
<tr>
<td>Commercial</td>
<td>51.1</td>
<td>56.0</td>
<td>93.2</td>
</tr>
<tr>
<td>Transport</td>
<td>2.4</td>
<td>1.4</td>
<td>9.4</td>
</tr>
<tr>
<td>Other</td>
<td>486.0</td>
<td>218.2</td>
<td>259.8</td>
</tr>
<tr>
<td><strong>Portfolio Investment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares Purchased</td>
<td>92.2</td>
<td>255.2</td>
<td>54.9</td>
</tr>
<tr>
<td>Shares Sold</td>
<td>92.8</td>
<td>76.0</td>
<td>46.0</td>
</tr>
<tr>
<td>(0.5)</td>
<td>179.1</td>
<td>268.7</td>
<td></td>
</tr>
<tr>
<td><strong>Total net Investment</strong></td>
<td>485.5</td>
<td>397.3</td>
<td>268.7</td>
</tr>
</tbody>
</table>

Source: Study on Nature and Level of Investment in Zimbabwe, March 1999, Imani Development
The African Group and other developing countries accused the industrialised North of failing to abide by previous agreements to transfer industrial and information technology and provide the degree of technical assistance, resource and institutional support required by the South to implement WTO agreements. They sought to review the agreements on investment and intellectual property in order to increase technology transfer to developing countries, as well as more time to implement certain highly technical WTO agreements. African states also supported an accelerated, transparent and simplified membership process for developing countries seeking to enter the WTO. They recommended that the process should include expanded technical assistance to applicants to ensure both fulfilment of WTO membership criteria and effective participation by new members. The Africa Group called for reforms in the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) to prohibit the patenting of life forms and biological processes. They maintained that the TRIPS agreement should be consistent with the United Nations Convention on Biological Diversity, which takes into full account the sustainable use of plant and animal resources and the rights and knowledge of indigenous communities. The Africa Group also argued that the TRIPS agreement should be applied to essential medicines in a way that ensures their availability at reasonable cost.

In addition to the concerns of the Africa Group, the G15\(^{19}\) emphasised on the need and importance of redressing the difficulties faced by developing countries in the implementation of the WTO Agreements. It was observed that only by meaningfully addressing the implementation issues and concerns, can it be ensured that developing countries, and especially the least developed amongst them, secure a share in the growth of international trade, commensurate with their economic development needs. Reference was made to the repeated and unreasonable imposition of anti-dumping and countervailing duties by developed countries. The G15 raised concern on the lack of meaningful implementation of the Agreement on Textile and Clothing and non-reduction

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19 The G15 is a group of 17 developing countries from Asia, Africa and Latin America (Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Jamaica, Kenya, Nigeria, Malaysia, Mexico, Peru, Senegal, Sri Lanka, Venezuela and Zimbabwe) that was set up to foster co-operation amongst them, and to provide inputs for other international meetings, such as those of the G7 group of powerful countries, and the WTO.
of tariffs in areas of interest to developing countries, which showed lack of concern by
developed countries for the core interests of developing countries (Khor, 1999).

The concerns of the G77\textsuperscript{20} and that of the G15 were largely similar. G77 issued a
declaration in Marrakech formulating wide-ranging proposals on the future negotiations in
WTO negotiations. The Declaration stressed the problems faced by developing
countries, arising from the implementation of the WTO agreements, and put forward
several proposals including ways of getting greater market access to Northern markets,
operationalising special and differential treatment and ways of achieving greater equity in
the trading system. The G77 expressed that

\begin{quote}
We note with great concern, however, that the benefits of the existing multilateral
trading system continue to elude developing countries. Progress towards full
liberalization in sectors of particular interest to them is lagging behind, and
significant imbalances between rights and obligations exist in multilateral trade
agreements (MTAs), as well as in conditions of market access. The persistence of
these anomalies could erode the confidence of developing countries in the
multilateral trading system and strengthen the hand of those who would wish to
retreat into misguided protectionist policies and approaches (Khor 1999).
\end{quote}

The above statement highlights the lack of confidence that was developing in this group
with the multilateral trading system. It is a system which they saw as largely protectionist
and they were therefore seeking liberalisation of the regime.

On the built-in agenda the G77 made the following points:

\begin{quote}
In agriculture, the objective should be to incorporate the sector within normal
WTO rules, addressing the particular problems of predominantly agrarian and
small island developing economies and net food-importing developing countries.

Negotiations on trade in services should be carried out within the existing
\end{quote}

\textsuperscript{20}The G77 was established on 15 June 1984 by 77 developing countries of the “Joint Declaration of the
Seventy Seven Countries” issued at the end of the first session of the United Nations Conference on Trade
and Development (UNCTAD) in Geneva. As the largest Third World coalition in the United Nations, The
Group of 77 provides the means for the developing world to articulate and promote its collective economic
interests and enhance its negotiating capacity on all major economic interests and enhance its joint
negotiating capacity on all major international economic issues in the United Nations System and promote
economic and technical cooperation among developing countries.
architecture of General Agreement on Trade in Services (GATS) and aim at the liberalization of sectors of special interest to developing countries and the movement of natural persons, while taking account of the impact of electronic commerce. The mandated reviews under the WTO MTAs ought to redress imbalances and to ensure that provisions in favour of developing countries are effectively implemented. The Ministers also called upon developed countries to demonstrate a firm and unequivocal commitment to opening their markets to the exports of developing countries and to provide duty free and quota free access for the exports of the least developed countries. This should not affect WTO members existing commitments relating to preferential schemes. Any future negotiations should address the elimination of tariff peaks and tariff escalation and should introduce further disciplines to prevent the abuse of measures such as anti-dumping, countervailing duties and safeguard actions, sanitary and phytosanitary regulations and technical barriers to trade, as well as to prevent the apparent revival of the use of voluntary export restraints. The work programme on the harmonization of non-preferential rules of origin should be achieved rapidly, to attain simplified, harmonized and more transparent rules.

The issues raised by the G77, of which Zimbabwe is a member, shows that developed countries were deviating from the rules they set up at Marrakech, in terms of their operationalization. The declaration attached importance to achieving greater complementarity in international economic policy making. Of great significance to developing countries, the G77 raised the point that international institutions involved in the trading system should pursue mutually supportive policies which would enable developing countries derive maximum benefit from the Multilateral Trade Agreements, while respecting the rights of developing countries enshrined in these Agreements. This brings into question the roles being played by such organisations as the International Monetary Fund and the World Bank. In their insistence on liberalisation policies, such institutions should take into cognisance that in order to promote sustainable development in developing countries, their conditionalities should also include assurance from the developed countries on the liberalisation of their markets.
SADC highlighted that lack of effective implementation of WTO commitments by its members continued to be hampered by the lack of adequate financial, institutional, technological and technical capacities. They called for a renewed commitment to technical cooperation, through adequate provision of resources in the regular budget of the WTO and other core agencies according to their mandates. They called upon WTO members to take into account the inadequate capacity of developing countries to effectively participate in broad-based negotiations and to consider degrees of flexibility to accommodate constraints faced by the developing countries.

Southern African Development Community (SADC) members called for a fundamental rethinking of the structure and challenges facing the world economy. They proposed that developed countries should also undergo far-reaching structural adjustment in their economies. They pointed at the need to reduce a range of protective and support measures to inefficient "grandfather" industries and sectors in developed economies, thereby allowing the relocation of production and investment to developing countries, including the SADC region, which possess comparative advantages in these areas.

In respect of the mandated negotiations, SADC members acknowledged the vital importance of the Agricultural and Services sectors to their economic growth and development. They argued that the ongoing reform and liberalisation of international agriculture trade must lead to improved access to world markets for all SADC agricultural exports (primary and processed). They proposed that this should be achieved through:

(i) The elimination of tariff escalation and tariff peaks;

(ii) increased tariff quotas which preserve and enhance the access rights of SADC countries under the commodity protocols of, or appended to, the Lomé Convention;

(iii) reductions in domestic support in the developed countries;
(iv) the elimination of export subsidies, which displace agricultural exports of SADC countries or impact negatively on their domestic production; and

(v) the obligation to formulate disciplines on export credits.

SADC highlighted the importance of addressing the vital issues of, inter alia, food security and the development of rural economies taking into account inherent constraints of diversification for developing countries. Further, they argued that specificities of small economies including land-locked and island states should be given due attention and be accommodated in new negotiations on agriculture. In addition, SADC proposed that a decision should be taken to translate the Ministerial Decision on the possible negative effects of the reform programme on Least Developed Countries (LDCs) and net food importing developing countries into concrete measures. These proposals called upon WTO members to consider the fact that this organization is not a homogeneous group but consists of heterogeneous states whose special circumstances should be taken into account in negotiations and implementation of agreements. Of high significance to sustainable development, SADC members highlighted the need for the negotiations to take into account people-centred concerns so that the rules–based multilateral trading system will secure its legitimacy. SADC illustrated its point using the example faced by its member states, that of malaria. It argued that for example, malaria kills 1.1 million people every year world-wide, and 90 per cent of these deaths occur in Sub-Saharan Africa, mostly amongst the poor. One of the most cost-effective ways of reducing malaria infections and deaths is by making insecticide treated nets widely available in malarious countries. They noted that the availability and use of insecticide treated nets for malaria prevention is low, only about three per cent of families in malaria endemic areas are using treated nets. They argued that despite such nets being exceptionally effective means to prevent children and mothers dying from malaria, export taxes and tariff regimes in many countries render these nets prohibitively expensive. SADC pointed that essentially, most tax and tariff authorities continue to treat insecticide treated nets as textiles, instead of classifying them as pharmaceutical materials. They proposed that tariffs and taxes on such products and raw materials should be waived. It also
pointed at the need to respect the special and differential treatment for developing states by operationalising it and making it contractual.

After going through the positions of some groups of which Zimbabwe was part, one cannot afford to ignore the similarities in their positions. All these proposals highlighted the need to address implementation issues; to balance Uruguay Round Agreements such as on Agriculture, Trade Related Investment Measures (TRIPS), Sanitary and Phytosanitary (SPS), Technical Barriers to Trade (TBT), Trade Related Aspects of Investment Measures (TRIMS), Anti-dumping and Subsidies and Countervailing Measures. The proposals also focused on the need to maintain preferential market access such as the Lome Arrangement and various Generalised System of Preferences (GSP)\textsuperscript{21} schemes; the importance of regional cooperation; the need to maintain GATS architecture in the resumed services negotiations; the need to defer negotiations on Singapore issues such as Trade and Investment, Trade and Competition Policy, Trade facilitation and Transparency in Government Procurement until the study process had been completed in the respective WTO Working Groups. These positions were broadly shared by most developing countries.

The fact that almost similar submissions were made by these various groups makes one wonder whether there can be convergence of such groups into the South-South Cooperation. The major challenge is that the South cannot speak with one voice. At WTO, the South is represented by numerous groups, some of which were discussed in this section. This South has in fact cross coalitions with the North. The problem of achieving a South South cooperation is that this group which consist of both Developing and Least Developed Countries has many differences amongst the membership. For example, it is not possible to effectively consider China, Brazil, South Africa and Zimbabwe in the same basket. These countries are at various stages of development. China is almost a developed country, with South Africa and Brazil considered as

\textsuperscript{21} GSP was first proposed at UNCTAD II in 1968. It entered into force in 1971. It gives developing countries a margin of preference in the tariff rate their goods face in the markets of Developed countries and in this way increase their competitiveness. UNCTAD’s is the main forum for a discussion on GSP issues\cite{Goode 2001}
industrialising countries and Zimbabwe, with a fragile economy. Georges Abi-Saab\textsuperscript{22} (2005) argues that the South is there, but it is only used to benefit members. He does not see the South delinking from the North because he believes that “If you stay outside and cry, decisions are made for you”. He therefore thinks that the battle has to be fought from inside. He alluded to the fact that even Fidel Castro said “I am for globalisation, What do I do with the law of gravity”. It is from this discussion made in this section that the study concludes that, the South-South cooperation is possible if one considers the similarities of their membership views, but if one considers that the membership cannot speak with one voice, one can actually note the pronounced differences. The option of the South delinking from the North is also not possible because of the strong belief that they should fight from inside.

\textsuperscript{22} Professor Georges Abi-Saabi is a member of the Appellate Tribunal of the World Trade Organisation. He presented a paper entitled “The South Today: perspectives from International Law” at the Graduate School of International Studies in October 2005 in Geneva (attended by the researcher).
3.5.4 The Doha Development Agenda

The Doha Development agenda was adopted at the Fourth WTO Ministerial Conference on 14 November 2001. The members indicated their determination, particularly in the light of global economic slowdown, to maintain the process of reform and liberalisation of trade policies thus ensuring that the system plays its full part in promoting recovery, growth and development. They also reaffirmed the principal objectives set out in the Marrakesh Agreement establishing the WTO and pledged to reject the use of protectionism. Members recognised that international trade could play a major role in the promotion of economic development and the alleviation of poverty. They pointed at the need for all people to benefit from the increased opportunities and welfare gains that the multilateral trading system generates. It is important to analyse the stake of developing countries in the Doha Development Agenda. Will the Declaration result in developing countries’ sustainable economic development? Where there any modalities to deal with the special structural difficulties faced by developing countries? These are some of the questions which this study sought to find answers. The preceding sections will therefore analyse the impact of the Doha Development Agenda to developing countries with special reference to the case of Zimbabwe.

It is important to note that the anti-protectionist pledge made at Doha was only a pledge as cases brought before the Dispute Settlement Body show continued use of protectionism. On September 2002, Australia and Brazil filed requests for consultations with the European Communities (EC) alleging that the structure of its sugar market violates its obligations under certain agreements of the WTO. The EU Common Market (CMO) for sugar has the following principal features: production quota scheme; guaranteed price and intervention mechanism; export refund programme; production levies; preferential import programme. Without dwelling on the specifics of these features, it should be noted that the complainants presented two main claims. The complainants claimed that the EC was providing export subsidies in excess of its WTO commitments and secondly that the provision of a guaranteed intervention price\(^\text{23}\) is a

\(^{23}\text{Quota sugar in excess of EC consumption was eligible for price support through the intervention mechanism and export refunds. It is the price at which the EC was prepared (and obligated) to buy white}
violation of the national treatment obligation in that it is available only to EC producers. EU export subsidies for sugar are damaging to developing economies in that they can cause substantial declines in the world market for sugar to levels below the cost of production. Smallholder farmers and agricultural labourers suffer the consequences. Orava and George (2003) rightly point out that certain ACP countries rely heavily on the EU regime to support their economy. They state that Oxfam considers that those benefits accruing to certain ACP countries are unjustified since 80 per cent of the benefits accrue to just five of them-Mauritius, Fiji Islands, Guyana, Swaziland and Jamaica – none of which are least developed countries. Most WTO members and some NGOs considered that sacrificing the interests of certain developing countries, at least in the short term, was acceptable in order to improve the situation for a larger group of developing and least developed countries that were not benefiting from the EU regime. It should be noted that Zimbabwe was a beneficiary of the EU sugar regime. This regime provided limited opportunities for such countries as Zimbabwe to add value to their commodity exports and create their own white sugar brands. This in fact led Zimbabwe and its counterparts to a high degree of dependence on exports of raw sugar cane.

Another case which shows continued use of protectionism by WTO members especially developed countries was when on the 27th of September 2002, Brazil requested consultations with United States in connection with USA’s subsidisation of its domestic cotton industry. Zimbabwe, India and Argentina submitted requests to join the consultations. George (2003), argued that the immediate motivation for the Brazilian claim against US subsidies was the enactment of the 2002 Farm Act, which increased government payments to American agricultural producers. The 2002 Farm Act modified and expanded existing programmes under the 1996 Farm Act to ensure that the USA government provides substantial income support to farmers, including cotton producers, into 2007. Brazil claimed that virtually all US subsidies, in the form of domestic assistance, support for exports, and payments contingent on the use of domestic goods, violate the WTO agreements on Agriculture and the Subsidies and Countervailing

quota sugar. It was fixed annually by the EC Council of Ministers of Agriculture based on a proposal by the commission (Orava and George 2003)
Measures Agreement (SCM). Brazil argued that these subsidies had serious prejudice to the interests of Brazil. George (2003), argue that the catch is that these claims were subject to the provisions of the Agreement on Agriculture, which exempts agriculture subsidies from action by other Members until the end of 2003. Brazil however claimed that while both types of subsidies were maintained on agricultural products, neither conformed sufficiently to the requirements of the Agriculture Agreement to benefit from that ‘peace clause’. Brazil also claimed that government payments contingent on the use of domestic over imported cotton offended the WTO requirement on national treatment, which requires that imports be treated no less favourably than domestic products. Despite the protectionism issue, this case also shows the vagueness of some WTO agreements, which makes other Developed countries take advantage of such a situation.

The WTO “work programme” was launched at Doha after two years of preparatory work, ministers and trade officials from the WTO 142 member states came together on the 9th of November 2001 in Doha. Many were hoping that this conference would succeed when its predecessor in Seattle failed in 1999. After five days of heated discussions in Doha, the WTO declared that a new ‘work programme” had been agreed by member states. The substance of this work programme is set out in three official documents: the Ministerial Declaration, the Declaration on TRIPS Agreement and Public Health and the Decision on Implementation- Related Issues and Concerns. The work programme included an agenda for new multilateral trade negotiations to begin in January 2002 and to be completed by 1 January 2005. Negotiations on the so called “new issues” which are currently not covered by WTO agreements – trade and competition policy, trade facilitation, trade and investment and transparency in government procurement – were only going to take place after the Fifth Ministerial Conference in 2003 if an “explicit consensus exist among WTO members” ( This conference was already held in Cancun where there was explicit conflict over the new issues). The work programme also mandates the WTO to continue exploratory work and study on many other trade related issues. The negotiations under the “work programme” are being supervised by the Trade Negotiations Committee(TNC) under the authority of the General Council. This arrangement is not favourable to developing countries who have limited human resources since many meetings for various
forums of WTO can be held at the same time by the TNC. The negotiations will be concluded on the basis of a “single undertaking” or, in other words, “nothing is agreed until everything is agreed”. This means that one set of negotiations such as agriculture or WTO rules on anti-dumping could hold up an agreement on the whole negotiating package.

From January 2002, the WTO began negotiating on eight separate issues – the three “built-in agenda” items (Agriculture, Services and TRIPS”) plus an additional five agreed in Doha (Market access for non-agricultural products (NAMA); Trade and Environment; Outstanding implementation issues; clarifications and improvement of WTO rules on anti-dumping; subsidies and countervailing measures and regional trading agreements and dispute settlement understanding (not part of a single understanding). This substantial negotiating agenda appears that members agreed to a new round of negotiations without explicitly saying so. But the fact that the time frame for completing the Doha agenda is only three years, makes one question the genuity of members in trade negotiations. Three years is not feasible especially for developing countries whose technical capacity to negotiate and implement agreements is lagging behind.

This 4\textsuperscript{th} WTO Ministerial conference was criticised by many developing countries as having agreed to a new round, named ‘The Developmental Round’ using the backdoor. The meeting went on one day longer than scheduled. Many less developed countries’ delegations had left and the few left were subject to great pressure by rich countries with South Africa playing a key role to put pressure on the poor countries. According to Yash Tandon (2001), on the eve of the Zanzibar (G90 in July 2001) meeting, South Africa called members of the Southern African Development Community (SADC) to a meeting in Johannesburg to persuade them to agree to a New Round at Doha, which South Africa, like all developed countries, argued would be of benefit to the developing countries. In Zanzibar, however, at least the LDC members of the SADC region (that includes, among others, Tanzania, Uganda, Zambia and Lesotho) took the unanimous view that a New Round would not be welcome at Doha. South Africa’s actions show that the rich nations have their agents amongst developing countries who will always spy on what they are
planning and what can be done to entice them into reaching agreements with them. In the new round, members were supposed to negotiate new trade agreements. The least developed countries had in July 2001 declared at a meeting in Zanzibar that they were not ready to get into a new round of trade negotiations at the 4th Ministerial Conference of the WTO at Doha. At Zanzibar, the LDCs were unanimous in declaring “... the scope of future multilateral trade negotiations will have to take into account the inability of LDCs to participate effectively in negotiations on a broad agenda and implement new obligations due to the well-known limited capacity of the LDCs.” (Tandon, 2001).

Members from the South vehemently criticised the attempt by countries from the North, to introduce the so-called Singapore issues. These were investment, competition, government procurement and trade facilitation. On the fourth issue, trade facilitation, the G90 noted that before any agreement by explicit consensus on negotiating modalities, a number of issues should be clarified first, including the resource and capacity constraints of developing countries, the costs of implementing the new rules and how, and by whom the costs will be met. The introduction of these issues would have meant a vast expansion into WTO non-trade areas (non-traditional). Members from the South feared that the introduction of the Singapore issues in the WTO would facilitate the removal of government control and public sector regulation. The introduction of these issues would have promoted what Samir Amin calls, the “internationalisation of capital”, since the movement and flow of capital would not be hindered by government bureaucracy. The Africa Group was of the view that the study process should continue in the respective Working Groups where applicable and that time is not ripe, for developing countries to undertake negotiations for multilateral regimes on these areas. By introducing Singapore issues into the WTO, this would have the application of the National Treatment and Most-Favoured Nation principle to the operations of these issues. Developing countries would have suffered in such a case because their industries could not be protected against multinational corporations which would enjoy similar status with vulnerable companies. Worse still, most developing countries did not comprehend properly what these new issues meant.
The Group of 77 has emphasised the need to operationalise the concept of adequate policy space for developing countries, in the face of constraints posed by multilateral rules and negotiations. This had been a major bone of contention before and at UNCTAD XI, and the concept was eventually adopted in the Sao Paulo Consensus (Khor, 2004). Adequate policy space means that the WTO should take into consideration the circumstances faced by developing countries including technical and financial challenges.

The Doha ‘Development Agenda’, was largely referred to as non-developmental by countries from the South because to them, it would constrain their future development prospects. The plea by developing countries to introduce their concerns on Special and Differential Treatment, TRIPS and Public Health and Agriculture were ignored by developed countries at Doha. At this Ministerial conference, SADC reconfirmed most of the requests it made at Seattle, focusing more on the call for agricultural reforms. Given the role of agriculture in the SADC region, members pointed that the reform process should: strengthen the rules and disciplines governing trade in agriculture to promote development; ensure that trade liberalisation takes into account developmental issues such as food security, sustainable rural development and poverty alleviation; ensure commercially viable market access for all agricultural products originating in developing countries including those at the higher end of the processing chain; level the playing field in the international trading system, taking into account different structural constraints among countries. SADC called upon the WTO to address problems arising from high levels of protection and domestic support in developed countries and for a reduction of tariff peaks and tariff escalations (www.wto.org).

The Doha meeting did not make any commitments to reduce agricultural subsidies and dumping of artificially cheap food exports. For the G77 and China, their plea was to consider key development issues of concern which included commodities, cotton, preference erosion, deindustrialisation and revenue losses, food security, rural development, access to essential services and public interest issues (Khor 2004). Despite a commitment under the Uruguay Round for a 20 percent reduction in certain agricultural subsidies by 2000, overall subsidy levels in the industrialised countries of the Organisation for Economic Cooperation and Development (OECD) have continued to
rise. Payments to farmers now reach some $1 billion a day, equivalent to the total daily income of the world poorest one (1) billion people (Mutume, 2001). Mutume notes that a World Bank report released just before the Doha meeting concurred. It noted that the elimination of such farm subsidies along with the reduction of high agricultural tariffs and the granting of duty-free and quota-free access to OECD markets for exports from the LDCs could bring developing countries additional earnings of US$15,000 billion over a 10-year period. Developed countries continued to pursue their self-interests at Doha as noted by Mutume. France's leaders, which faced elections in early 2002, were desperate to defend subsidies for French farmers, who form an important political constituency. At Doha, France consequently tried to block language in the declaration committing members to eliminate subsidies. On agricultural issues, a group of countries that included Kenya, Nigeria, Senegal, Uganda and Zimbabwe failed in their demand that a package of reforms, known as the "development box," be included in the Doha declaration to amend the Agreement on Agriculture. The reforms wanted to allow poor countries to raise import tariffs on staple foods, in order to meet their food security needs and support vulnerable rural populations. They also wanted to be able to directly subsidise crops that provide the main source of livelihood for poor farmers, a practice the agreement currently prohibits. "The agreement protects the interests of the developed countries at the expense of developing countries," Kenyan Minister of Planning, Paul Adhu Awiti commented.

According to Gumisai Mutume (2001), a declaration in Doha on Trade Related Aspects of Intellectual Property Rights (TRIPS) addressed some of the developing countries’ concerns about that 1994 agreement. It contained stronger language on the primacy of public health over patents for medicines, declaring that "--- the TRIPS agreement does not and should not prevent members from taking measures to protect public health." The declaration did not, however, resolve widespread concerns, especially in Africa, about the need to prohibit the patenting of life forms and biological material. Many Southern governments and activists believe that such patenting could erode poor farmers' rights over seeds and other indigenous innovations and bring the unauthorised exploitation of genetic resources by Northern industrial and pharmaceutical companies. Many
developing countries welcomed it as a step towards making drugs to fight public health emergencies such as AIDS more available to poor people. A number of international groups lobbying for access to cheaper AIDS drugs, like Médecins Sans Frontières (MSF), also commended the achievement, stating it would strengthen developing countries already producing cheaper generic medicines, such as Brazil and India (Mutume, 2001). For the first time, the WTO gave explicit rights to member countries to unilaterally grant licences that allow domestic producers to override patents. Under TRIPS, such "compulsory licensing" was permitted only under emergency circumstances, a stipulation that was removed in Doha. The Doha meeting did not however resolve "the most obvious problem with TRIPS ---limitations on exports of medicines manufactured under a compulsory license," observes James Love of the Consumer Project on Technology, a non-governmental organisation active on the issue. The Doha meeting discussed but rejected proposals to permit the "parallel exporting" of generic drugs to countries with no means to manufacture the medicines themselves.

The ACP states succeeded in their endeavour when the WTO agreed to exempt trade between Europe and the African, Caribbean and Pacific (ACP) countries from global trade rules. Such an exemption allows the EU to continue granting preferential market access under the Cotonou Agreement until 2007. This covers cooperation in areas like market access, financial aid and technical assistance. They won this deal despite resistance from banana-producing Latin American countries and tuna exporters such as the Philippines and Thailand, which were concerned about the impact of the ACP preferential access on their own exports to Europe.

One of the major objections by developing country ministers at the Doha Conference was their exclusion from crucial negotiating sessions in so-called "green rooms," where a small group of ministers, mainly from the rich countries, made final positions for the Ministerial conference. In Doha, Ablassé Ouédraogo, former foreign minister of Burkina Faso and the then deputy director general at the WTO (2002) said "--- preference was given to open consultations instead of the method of green rooms." Nigeria also issued a letter attacking the chair of the negotiations, Mr. Stuart Harbinson, for adopting a "non-inclusive attitude by sidetracking the views of the developing and least developed
countries." The first draft declaration, which formed the basis of negotiations in Doha, was "empty of contents on the issues of interest to developing countries," the letter noted. Non Governmental Organisations vehemently opposed the outcome of the Doha Conference. According to Kananga Raja (2001) over 50 NGOs in a statement rejected the legitimacy of the Doha Ministerial Declaration as the result of an “outrageous process of manipulation that is totally unacceptable for an international organisation.” Raja notes that the views of developing countries were not reflected, and their demands that at least an annex or cover letter reflecting their views were also totally ignored in the Final Draft. This made the Final Draft to appear as if the Doha declaration was a consensus text, yet it reflected views of a few rich countries. The NGOs noted, that the manipulations included the undemocratic and untransparent appointment by the Conference Chairman of six “friends of the Chair” as “facilitators” with powers to consult and draft on selected contentious issues. All the “facilitators” came from the pro-New Round camp of countries. Raja notes that no rationale or criteria for the discriminatory selection of the facilitators nor approval for the system was sought before hand. The holding of a final ‘Green Room’ meeting for only 24 countries on the night of 13 November lasted till 5 a.m. the next morning, during which intense pressure was applied to countries opposing the new issues. The criteria on which countries were chosen, why, and by whom, and the process of negotiations in the ‘Green Room’ were not agreed to nor were known (Raja 2001). The NGOs condemned the “non-transparent, discriminatory and rule-less or arbitrary methods and processes presided over by the WTO Director-General and the Secretariat and directed by the major developed countries”. The NGOs argued that such behaviour and processes were disgraceful for an international organisation which boasts that its core principles are transparency, non-discrimination and the rule of law. The NGOs observed that the WTO head was the least suitable person for being the TNC Chair, and that he should not be picked for this vital post. Mr. Moore should not be involved in the negotiations, which would remain in the domain of member states. They argued that the secretariat should remain neutral in servicing negotiations, which are certain to be contentious in many areas. Moore was seen as being partisan by supporting developed countries’ positions against developed countries.
The findings of this section conform to the hypothesis of this study that developing countries will continue to be marginalised in the WTO. The secretariat itself was biased in favour of developed countries. Issues, which were at the core of developing countries demands, were not addressed. These included tariff and subsidies reductions by the rich nations and addressing implementation problems being faced by developing countries. Non Governmental Organisations strongly condemned the introduction of a new round without first addressing problems of the Uruguay Round and rectifying the deficiencies of the WTO system and the regime itself.

3.5.5 Zimbabwe Post-Doha Evaluation

A stakeholder conference was held in July 2002 in Zimbabwe to evaluate the Doha conference. Participants from civil society, government departments, academia and some people from other SADC states attended the workshop. An array of issues were discussed at this conference. Two aspects of the proceedings, that is Trade in Services and Market Access for Non- Agricultural products will be discussed since the other issues on agriculture and intellectual property are given special attention in the preceding chapters. Because of the failure of this workshop to give an insight into Zimbabwean issues this section will attempt to provide the overview on the implications of the agreements.

Hebert Murerwa, the then Minister of Industry and International Trade, in a paper presented at this conference stated that the Doha agenda increased the workload in the WTO by about 50 percent. This is an overburden to the ill-equipped developing countries. Murerwa (2002), believed that from the SADC perspective, it is vital therefore for the public and private sectors, civil society, academia and various research institutions to work more closely together to provide inputs, which will assist those entrusted with the actual negotiations to make decisions on the basis of full and factual information. This issue was raised at the backdrop that Zimbabwe and other SADC members are not appropriately represented in Geneva. Secondly that the capital based staff face serious competence challenges. Thirdly the lack of competence within various trade policy institutions, business associations and other related organisations, contributed to the call for collaboration and capacity building. Murerwa urged SADC members to form
collaborative negotiating groups in Geneva and establish standing consultative forums in capitals in order to assist the process, where SADC members face human resources and expertise problems. It should however be noted that Murerwa, representing the Government of Zimbabwe was optimistic about the WTO process when he urged SADC members to concentrate on maximising gains and minimising losses in the global economic structure. This section will evaluate whether Zimbabwe is destined to secure any gains before dismissing such a statement as merely political.

Ndulo M. from Zambia, made a presentation on services and SADC. He noted that services are the fastest growing sector of the world economy than goods as noted by the World Bank. Exports of services from developing countries doubled between 1990 and 1999. These increased from US$ 147 billion to US$347 billion respectively. He noted that during the same decade exports of services were among the top five sources of foreign exchange in 90 developing countries (Butkeviciene et al 2002: 7). He again noted that most of the liberalisation which took place in SADC was under IMF and World Bank reforms and not under (General Agreement on Trade in Services) GATS regime. It is important to note that most SADC countries, like most developing countries were affected negatively by the structural adjustment programmes because of both endogenous and exogenous factors. This has made most of these countries reluctant to liberalise services on a significant measure.

Article XIX.I mandated WTO members to enter into successive rounds of negotiations beginning January 2000. SADC countries just like other African countries were not part of the stocktaking exercise carried out by the Council for Trade in Services which contained a Roadmap that consisted of guidelines on the formulation of negotiation guidelines and procedures for the members (OAU/UNECA 2001:5). This group was however more active in developing negotiation guidelines and procedures. The guidelines generally included information that there shall be no exclusion of any service sector or mode of supply in the negotiations and that the negotiations shall be conducted on the basis of progressive liberalisation of services trade.
It can be noted that Zimbabwe has many factors, which can hinder it to receive any meaningful gains nor make contributions to the GATS Agreement. One of these factors is its political front, which is filled with controversies, especially from year 2000 when it embarked on the unplanned Land Reform exercise, which saw the expulsion of most white settlers from their farms secured under the colonial land tenure system. As a result of this action and other alleged human rights abuses, including national elections’ irregularities, Zimbabwe has largely been referred to as a pariah state by the international community. With such a background, the volume of trade in services can only be predicted to continue to be low as access to credit lines diminishes. Foreign investors have shunned this market because of the financial risks involved. Table 3.1 in this Chapter clearly shows a significant decline in Foreign Direct Investment. The Reserve Bank of Zimbabwe has since 2003 been controlling the market excessively such that there is always uncertainty on the eve of the announcement of the monetary policy or its reviews on the future of Foreign Currency Accounts. This is a factor that contributes to lack of investor confidence on the local market.

Liberalisation of public services in Zimbabwe cannot however be encouraged. The black majority had no adequate access to government services during the colonial era. In 1980, at the independence of Zimbabwe, the government embarked on service provision which was however disturbed by the introduction of the Economic Structural Adjustment (ESAP) reforms in the 1990s. Some key social indicators began deteriorating in the 1990s. For example, the human development index\(^2\) (HDI), which peaked at 0.621 in 1985, has since declined to 0.496 by 2001. The life expectancy at birth is estimated at 43 years for the period 2000-2005, as compared to 61 years in 1990. In 2002, about 34% of the adult population was HIV and AIDS infected (UNDP 2004) (see also Table 3.2 below for the key development indicators in Zimbabwe). These figures show that the GoZ should continue to provide basic services including education, health, housing, water and electricity. Privatisation of such services would mean impoverishment of the majority of its population. Flexibility in the provision of services should always be

\(^2\) The Human Development Index (HDI) measures human development by combining three dimensions of development – life expectancy at birth, adult literacy and income. It ranges from a minimum of 0 to a maximum of 1, which puts Zimbabwe in the medium human development range (UNDP 2004).
allowed to give space for private investment. Developed countries have also adopted this approach whereby in Britain for example, basic health is provided by its National Health System, whilst private hospitals and consultancies are allowed to exist.

**Table 3.2: Key Development Indicators**

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<td><strong>Real GDP Growth %</strong></td>
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<td>-8.2</td>
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<tr>
<td><strong>Per capita Real GDP growth %</strong></td>
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<td>-1.3</td>
<td>-7.7</td>
<td>-14.7</td>
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<td><strong>Inflation, %</strong></td>
<td>15.5</td>
<td>22.6</td>
<td>55.9</td>
<td>133.2</td>
<td>525.8</td>
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<tr>
<td><strong>ODA Flows (US $ Million)</strong></td>
<td>295.9</td>
<td>347.7</td>
<td>192.6</td>
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<td>-</td>
</tr>
<tr>
<td><strong>Net Foreign Investment, US$ (million)</strong></td>
<td>-12</td>
<td>98</td>
<td>16</td>
<td>23</td>
<td>5</td>
</tr>
<tr>
<td><strong>Population (million)</strong></td>
<td>10.4</td>
<td>11.8</td>
<td>-</td>
<td>11.6</td>
<td>11.87</td>
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<tr>
<td><strong>Population growth rate, %</strong></td>
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<td>-</td>
<td>2.5</td>
<td>1.1</td>
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<tr>
<td><strong>HIV/AIDS prevalence (Population aged 15-49 years) %</strong></td>
<td>-</td>
<td>-</td>
<td>25</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td><strong>Life expectancy At birth, years</strong></td>
<td>61</td>
<td>55</td>
<td>43</td>
<td>43</td>
<td>43</td>
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<tr>
<td><strong>Structural Unemployment</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>&gt;50</td>
</tr>
<tr>
<td><strong>Population with Access to safe water (rural), %</strong></td>
<td>65</td>
<td>73</td>
<td>75</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: UNDP ZIMBABWE MILLENIUM DEVELOPMENT GOALS 2004 PROGRESS REPORT

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25 Provisional  
26 October 2003  
27 1992  
28 1997  
29 2002 preliminary population census results  
30 1982/92  
31 1992/97  
32 1992/2002  
33 2002/2003  
34 1999  
35 2001  
36 UNAIDS estimate  
37 1992  
38 1997  
In Doha the WTO agreed on a “work programme” that involve tariff-cutting negotiations on all non-agricultural products (Market Access for Non-Agricultural Products). This includes reducing or elimination of tariffs, high tariffs, tariff escalation, as well as non-tariff barriers, taking into account special needs of developing countries. Ndlela D.B, who presented a paper at a conference in Zimbabwe, in 2001 and raised some of the challenges, which SADC countries face as they negotiate for this agreement. He drew attention to the issue of EU-ACP negotiation, that began in 2002, which should bring a new agreement by 1 January 2008 as posing a serious challenge to the region. This is because there is now a parallel process going on concerning NAMA, at WTO level and between EU and ACP states. He also highlighted the issue of Everything But Arms (EBA), in which as from March 2001, the EU opened its market by extending duty and quota-free access to all imports from the Least Developed Countries, except arms. The minor variation is that liberalisation for sugar and rice will be in 2009 and bananas was in 2006.

The LDCs will be given annual increases of 15 per cent in the quotas of sugar and rice until full liberalisation is achieved. In SADC, Malawi, Mozambique and Zambia are LDCs and yet under the ACP group, they have to negotiate with EU. This may cause LDCs to be reluctant to collaborate with the rest of SADC states because of the EBA arrangement. It should be noted that the EBA is a non-contractual arrangement and can be withdrawn any time. The EBA does not address the issue of the ability of LDCs to take advantage of it. This should be seen as a divide and rule tactic by the EU. This can be viewed in the same light as the “scramble and partition of Africa”, where states are configured according to colonial interest. Another challenge which is faced by SADC as it negotiates for NAMA is that South Africa has already signed an agreement with EU, called the Trade Development and Cooperation Agreement (TDCA) in 1999. It includes provisions for financial assistance, trade-related issues, economic cooperation and a Free Trade Area by year 2012. This makes it very difficult for SADC to define its intended level of tariff reduction process, since South Africa is the largest economy in this region.
For Zimbabwe, NAMA poses a number of challenges which were identified by this study. Production costs in Zimbabwe make it difficult for this country to benefit meaningfully from any tariff reductions. For example, as noted by Manasseh Bara, the Group Marketing Director of the PG industries (2004), doors that are manufactured in Zimbabwe cost US$8 per door ex-Zimbabwe, yet the same door made in South Africa, Portugal and Spain lends in Angola at US$6 per door. Steel purchased from Zimbabwe costs US$2 per metre compared to US$0.40 ex-Durban. These high costs of production are also attributable to many factors such as high cost of money (600% interest rates for 2004), inflation (500% in 2004) low productivity, low plant utilization and poor procurement as rightly pointed out by Bare. These production costs are also attributable to government actions, for example steel was listed in 2004 as a precious metal and exporters of steel are charged 0.87% levy. This development makes exports of steel unviable. Most non-agricultural exports are raw materials, which make their forex yield very low. ZIMASCO, for example, exports chrome and platinum from Kwekwe and Shurugwi respectively. The GoZ is failing to attract any investors to refine these raw materials.

3.5.6 The Cancun Conference

The Fifth Ministerial Conference of World Trade Organization (WTO) held in Cancun during September 10-14, 2003, failed to arrive at any agreement on several contentious issues. Since the Cancun Conference was expected to provide a further push to the Doha Round, both the proponents and critics were apprehensive about its outcome. To many critics, Cancun Conference was destined to be a failure as the mandated deadlines for agreement on the modalities on agriculture, special and differential treatment, implementation issues, and TRIPS and public health, agreed upon at the Fourth Ministerial Conference at Doha in 2001, were missed.

3.5.7 Why Trade Negotiations Collapsed at Cancun

On the 13th of September, a Draft Cancun Ministerial Text (Second Revision) was issued by the conference Chair, Mexican Foreign Affairs Minister, Mr. Luis Ernesto Derbez. In many ways, the Draft Text was highly biased in favour of the EU and the US. Instead of
lessening the polarisation among member-countries on North-South lines, the Draft Text further intensified it. The developing countries were dismayed with the Text, as it did not reflect their positions on several matters including agriculture, non-agriculture products (NAMA), and Singapore issues. The Draft enjoyed little political support as the bulk of poor and developing member-countries of the WTO through various issue-based alliances (for instance, G-21 and G-16) expressed their disenchantment with the Draft Text.

On Singapore issues, in particular, the developing countries were disappointed that their views were completely ignored in the Draft Text, which proposed the launching of negotiations. The Text had proposed de-coupling of Singapore issues and called for immediate negotiations on two issues, trade facilitation and transparency in government procurement. While negotiations on competition would not have gone forward (due to strong opposition from the US), but negotiations on investment would have been launched at a later date. This annoyed the developing countries because only a day before (September 12), more than 70 of them had made a formal presentation to the WTO in which they had demanded that the clarification process on Singapore issues should be continued and negotiations should not be launched at Cancun. When developing countries started attacking the Draft Text, it became apparent that the stage was set for a deadlock.

A combined meeting of over 60 WTO members belonging to the African Union, the ACP (African, Caribbean and Pacific group of countries) and the LDCs (Least Developed Countries) decided that they would not compromise on Singapore issues. When the Green Room meeting was reconvened, Ministers representing the ACP-LDC-AU alliances (particularly Botswana, Kenya and Nigeria) stated their unwillingness to compromise on Singapore issues. While South Korea (backed by Japan) remained adamant that it would not accept the dropping of investment and competition issues from negotiations and insisted that all four Singapore issues should be negotiated together. Realising that differences between the developed and developing countries on Singapore issues are too wide to be bridged, Mr. Derbez decided to close the Conference in the early
evening with a short official statement. So, it was the failure to reach an agreement on the Singapore issues that led to the collapse of Cancun Conference.

The sphere in which Zimbabwe like many other third world primary products exporting countries are most affected is in agricultural trade relations with the North and this laid the necessary impetus for the abrupt collapse of the conference. The basic approach, dictated by farm lobbies, was to do as little as possible regarding subsidies that is reshuffling boxes to leave the overall level of subsidisation untouched and secure as much access to developing country markets as possible. The sheer inadequacy of this proposal, on the three key elements of the Doha mandate - the elimination of export subsidies, substantial reduction of domestic support, and special and differential treatment led to a polarisation of a debate marked by the creation of the G-20+ and the growing frustration of other developing country groups such as the Africa Union, the LDCs and the ACP group.

Several commentators have given too much attention to India for stalling negotiations on Singapore issues at Cancun. Undoubtedly, India was a leading member of several issue-based alliances. But as mentioned above, India was willing to compromise on two Singapore issues at one stage. In fact, the real credit for stalling the negotiations on Singapore issues should go to tiny ACP, AU and Least-Developed Countries which remained united despite severe pressure exerted by the rich countries. This is not an insignificant achievement given the fact that these African countries are heavily dependent on the EU and US for aid and trade flows.

When the collapse of Cancun was announced, there was a mood of jubilation and victory among the NGOs and anti-globalisation activists since many of them had been aspiring for the collapse of Cancun Conference. However one should not forget that only a Ministerial Conference collapsed, not the Doha Round or the WTO itself. It should also be noted that opposing countries have not demanded that Singapore issues should be dropped altogether from the WTO agenda. They have only demanded a clarification process to continue in the working groups. The WTO Director-General Mr. Supachai
Panichpakdi announced in Cancun that he would work to resuscitate the Doha negotiations in Geneva which were perceived to be in an intensive care. A meeting of the WTO's General Council was going to be convened before December 15, 2003 to take the action necessary to move towards a successful and timely conclusion of the negotiations. In a strong message to the poor and developing world, the US Trade Representative, Mr. Robert Zoellick threatened that the US would “move on multiple fronts” to open up world markets through bilateral and regional trade agreements (RTAs). In his words, “--- we are going to open markets one way or another.” This is not surprising given the fact that the US economic diplomacy has long rested on a combination of bullying, threats and inducement. This meant that at that time, the poor and developing countries would be subject to intense bilateral arm-twisting and pressure tactics by the US and EU. Concerted efforts would be made to weaken the new found South-South solidarity.

Although Cancun conference failed, it succeeded in the building of new issue-based alliances of the poor and developing member-countries of the WTO. This new-found South-South solidarity is a positive development and therefore needs to be welcomed. The issue-based alliances represent diverse interests on several trade issues, yet they could herald a new beginning in the multilateral trade negotiations. If alliances manage to stick together, they could counterbalance the economic and political clout of the US and the EU at the WTO.

It is important to note that Zimbabwe, which had previously complained of the non-transparent nature of the negotiations, noted that they were blackmailed, and the issues will still be referred to Geneva for further negotiations. “We are being blackmailed. We are being told that if we don’t agree on Singapore Issues, then Cancun will collapse. This is not true; we will take the issues back to Geneva. We cannot agree on issues that we are not educated about. We need further education on what these issues will do to our economies,” said Dr. Samuel Mumbengegwi, the Zimbabwe Minister for Industry and International Trade and Head of the delegation to the Cancun Ministerial Conference. He noted that the said the so-called Green Rooms were not green at all. “They are Hot Rooms that cannot produce anything green” (Raghavan 2003). This is the attitude that
lacked during the Uruguay Round of negotiations. But an explanation for the failure to understand the implications of the Uruguay Round of negotiations can be that most developing countries including Zimbabwe had just got their independence and they were still struggling to put their heads in their ground. Now they are aware how issues decided at such a forum can have far reaching implications even for future generations.

If South-South solidarity remains intact in the coming years, it may not only steer fundamental changes in the global trade rules but also contribute in completely changing existing unequal power relations in other international economic arenas. It could fundamentally restructure the present-day global governance regime where a handful of developed countries dictate the terms of trade, aid and finance to serve their narrow economic and geo-political interests. If sustained with vigour, the South-South solidarity, with the active involvement of civil society, could herald a paradigm shift in international relations based on democracy, equality and mutual respect. Particularly in the present content when the US has challenged the international laws and institutions, the significance of South-South solidarity cannot be undermined. Nevertheless, this is not going to be an easy task given the fact that most of these member-countries are heavily dependent on the developed countries for external aid and trade flows and their domestic economic policies are deeply rooted in the neo-liberal framework. Thus the struggle needs to extend to WTO member-countries’ domestic political arena.
3.6 The World Trade Organisation and Regionalism: The case of Zimbabwe’s participation in the post ACP-EU Lome negotiations

In the previous sections, it was noted that Zimbabwe is part of regional organisations such as SADC and COMESA. The question that arises is on the relationship of its regional memberships to that of the World Trade Organisation. It is important to know whether regionalism form a foundation for globalisation or these two processes are not linked. This section discusses the issue of regionalism in relation to the EU-ACP negotiations which Zimbabwe is part to.

The ACP-EU Lome Agreement came under spotlight after the enactment of the World Trade Organisation (WTO) on 1 January 1995. This is because the ACP-EU Lome Agreement was a regional integration agreement (RIA) which involved preferential trade among partner countries only since 1975. The Lome Conventions came about as a result of the need by ACP states to create a New International Economic Order (NIEO) which could result in clear procedures, mechanisms and adjustments that would promote fair economic relations between the developed and developing countries. During the Cold War, the Lome Conventions which in fact developed from Lome I to IV, became strategic partnerships against the Union of Soviet Socialist Republic (USSR). The Lome Conventions consisted primarily of the system of non-reciprocal trade, which included the concept of aid and trade. It was hoped that the Lome Conventions would encourage the ACP countries to diversify their exports and increase their market share. The principle of mutual obligations was also included and entailed issues on human rights, democracy, corruption and good governance. Lome IV contained clauses on liberalisation policies under the IMF and World Bank. These Conventions had limited duration, initially 5 years, then 10 and now 20 years. Although the ACP countries are at the top of the list in enjoying preferential market in the EU market, the ACP states are at the bottom of the list when it comes to exports to European markets. Modernisation theorists would view such developments as key in bringing about development to developing countries as resources and technology are transferred. On the other hand, dependency theorists would view such contractual arrangements as promoting dependency and neo-colonialism. The experience of ACP countries in the Lome I to IV era was that these agreements created dependency
of ACP states on EU aid and trade, thereby fostering neo-colonialism as ACP states remained suppliers of raw materials to the EU markets under its terms and conditions, and the EU exported the refined products to the ACP market.

Under Lome I to IV, trade between EU and ACP states was based on non-reciprocal trade preferences. This meant that ACP states had direct access to the EU’s market. This decision was based on the “present development needs” of ACP states as described in the Lome I Convention. This arrangement is inconsistent with the Most-Favoured - Nation (MFN) rule which is the fundamental principle of WTO. Article XXIV of the GATT allows Free Trade Areas (FTAs) and customs unions if (a) trade barriers after integration do not rise, on average (Article XXIV.5); (b) all tariffs and other regulations of commerce are removed on substantially all intraregional exchange of goods within reasonable length of time (Article XXIV.8); and (c) the arrangements are notified to the WTO Council. WTO rules can therefore be regarded as rules of the thumb intended to minimize the negative impacts of regional integration on the multilateral trading system. It is within this framework that ACP-EU 20 year Partnership Agreement was formulated and signed in Cotonou on June 2000. It is a comprehensive economic and trade co-operation. The agreement has five pillars of the partnership. These are: a) A comprehensive political dimension with key emphasis on human rights, democratic principles and political dialogue in addressing issues of mutual concern.; b) Participatory approaches by promoting non-state actors involvement in the implementation of projects; c) A strengthened focus on poverty reduction; d; A new framework of trading arrangements that will pursue trade liberalisation between the parties and formulate provisions in related issues; e) A reform of financial co-operation (McQueen, 1998).

Of importance to this study is Article 34, which emphasise on economic and trade cooperation. The Article postulates that “-------the cooperation shall aim at fostering the smooth and gradual integration of the ACP States into the world economy. ------- the cooperation shall be implemented in full conformity with provisions of the WTO, including special and differential treatment, taking account of the Parties’ mutual interests and their respective levels of development.” In order to fulfil this mandate, the
signatories agreed to negotiate Economic Partnership Agreements (EPAS) which started in September 2002 and shall end by December 2007. What is important in this study is to analyze the position of Zimbabwe in these negotiations. It is important to analyse whether Zimbabwe has any effective strategies to handle the challenges of its regional configuration in relation to the WTO. Zimbabwe is negotiating under the Eastern and Southern African Configuration.

Sixteen countries of the Common Market for Eastern and Southern Africa agreed to negotiate the EPA with EU. These are Rwanda, Mauritius, Seychelles, Sudan, Zimbabwe, Zambia, Madagascar, Malawi, Rwanda, Comoros, Burundi, Uganda, Eritrea, DRC and Djibouti. This configuration even though it is under COMESA, it consists of members who belong to a number of other regional groups. These are the Southern African Development Community (SADC), the Indian Ocean Commission (IOC), East African Community (EAC), Southern African Customs Union (SACU) and Inter-Governmental Authority (IGAD). The GDP of ESA is US$180 billion per annum. Intra–regional trade within COMESA rose from US$ 2.7 billion in 1997 to US$4.6 billion in 2002 and US$5.3 billion in 2003 as shown in Table3.1. This table shows that in 2003 Zimbabwe, Kenya and DRC were leading exporters whereas Uganda, Sudan, Egypt and Zambia were the main importers of regional products.
### Table 3.3 Intra-Comesa Trade, US millions

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>61.95</td>
<td>1.89</td>
<td>87.79</td>
<td>1.62</td>
<td>174.32</td>
<td>5.33</td>
<td>178.65</td>
<td>5.33</td>
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<td>18.46</td>
<td>4.69</td>
<td>45.47</td>
<td>8.02</td>
<td>26.30</td>
<td>4.30</td>
<td>42.76</td>
<td>4.32</td>
</tr>
<tr>
<td>Djibouti</td>
<td>66.76</td>
<td>4.08</td>
<td>65.93</td>
<td>10.76</td>
<td>61.71</td>
<td>17.37</td>
<td>66.47</td>
<td>17.44</td>
</tr>
<tr>
<td>DRC</td>
<td>217.83</td>
<td>179.66</td>
<td>116.86</td>
<td>254.26</td>
<td>121.97</td>
<td>214.37</td>
<td>170.78</td>
<td>228.26</td>
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<td>Egypt</td>
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<td>95.47</td>
<td>254.31</td>
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<td>145.53</td>
<td>502.22</td>
<td>267.92</td>
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<td>0.18</td>
<td>1.42</td>
<td>0.12</td>
<td>1.83</td>
<td>0.08</td>
<td>7.55</td>
<td>0.48</td>
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<td>107.40</td>
<td>156.14</td>
<td>116.34</td>
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<td>120.47</td>
<td>129.75</td>
<td>128.87</td>
<td>129.72</td>
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<td>467.18</td>
<td>187.57</td>
<td>625.65</td>
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<td>Comoros</td>
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<td>5.44</td>
<td>0.08</td>
<td>5.85</td>
<td>0.19</td>
<td>7.49</td>
<td>0.76</td>
</tr>
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<td>Madagascar</td>
<td>66.32</td>
<td>34.47</td>
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<td>83.09</td>
<td>26.21</td>
<td>66.21</td>
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<td>56.71</td>
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<td>79.29</td>
<td>113.53</td>
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<td>106.93</td>
<td>40.74</td>
<td>52.82</td>
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<td>96.55</td>
<td>80.24</td>
<td>82.90</td>
<td>110.10</td>
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<td>Rwanda</td>
<td>36.30</td>
<td>3.71</td>
<td>28.44</td>
<td>30.77</td>
<td>21.61</td>
<td>15.44</td>
<td>42.58</td>
<td>21.29</td>
</tr>
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<td>Seychelles</td>
<td>12.51</td>
<td>3.16</td>
<td>10.31</td>
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<td>103.75</td>
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<td>9.45</td>
<td>74.75</td>
<td>2.79</td>
<td>65.30</td>
<td>4.08</td>
<td>112.94</td>
<td>3.37</td>
<td>120.90</td>
</tr>
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<td>Uganda</td>
<td>241.29</td>
<td>74.15</td>
<td>257.07</td>
<td>96.46</td>
<td>255.10</td>
<td>90.55</td>
<td>273.88</td>
<td>111.94</td>
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<td>Zambia</td>
<td>95.15</td>
<td>162.78</td>
<td>135.56</td>
<td>126.71</td>
<td>146.34</td>
<td>146.14</td>
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<td>Zimbabwe</td>
<td>88.04</td>
<td>180.86</td>
<td>105.08</td>
<td>182.81</td>
<td>103.12</td>
<td>257.52</td>
<td>67.38</td>
<td>308.98</td>
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<tr>
<td>Intra-Trade*</td>
<td>1750.58</td>
<td>1750.58</td>
<td>1877.29</td>
<td>1877.29</td>
<td>2292.02</td>
<td>2292.02</td>
<td>2644.89</td>
<td>2644.89</td>
</tr>
</tbody>
</table>

| Intra-Trade*  | 3 501.16      | 3 754.58      | 4584.04      | 5289.78      |

Source: COMESA Annual Report, 2003; * Figures exclude Namibia, which pulled out in May 2004.

All East and Southern African (ESA) countries are mandated to negotiate trade and development on six clusters, which are development issues, market access, agriculture, fisheries, trade in services and trade related areas as well as establish national and regional structures. Each ESA country is supposed to establish a National Development and Trade Policy Forum (NDTPF), which is multi-sectoral, incorporating the civil society, private sector and government. This Forum will formulate national positions to feed into the Regional Negotiating Forum (RNF) represented by at least three(3) people from government and non-state actors from each country.

ESA is confronted with a number of challenges in the EPA-EU negotiations. ESA countries have been negatively affected by structural adjustment programmes which they
implemented in the 1990s. This entailed adopting trade liberalization policies which largely left the region poorer. The neo-liberal policies failed to stimulate industrialization, competitiveness and export diversification. It still continues to produce raw materials and unprocessed food products such as coffee, fish, tea, tobacco and flowers. Foreign Direct Investment has reduced significantly with that destined for Zimbabwe falling from an estimate of US$444 million in 1998 to US$5 million in 2003, Mauritius FDI was US$277 million in 2000 and only US$12 million in 2003. EPA negotiations are likely to see the domination of European firms, goods and services in the region since market access will now be based on reciprocity.

3.6.1 Zimbabwe’s road map for EPAS

In order to deal with the Economic Partnership Agreements, Zimbabwe has set out its own road map. It has created a country structure, which is headed by the Cabinet Committee on International Relations followed by the Inter-Ministerial Conference, with clusters reporting to it. The Ministry of Industry and International Trade launched the National Development Trade Policy Forum (NDTPF) in June 2004. The mandate of the NDTPF is to spearhead discussions, which will result in national trade policy positions that will feed into negotiations at the regional level and with the European Union. The permanent secretary for the Ministry of Industry and International Trade will chair the NDTPF. The functions of the NDTPF are as follows: determine development and trade negotiating positions for the country, through trade and development experts; co-ordinate the preparation of briefs to be used by national negotiators at regional level, in preparation for negotiations with the EU; send relevant experts to participate at Regional Negotiating Forum (RNF) (The EU funds three experts, representing both the public and private sectors); establish EPA Working Groups for each cluster and serve as the forum for report back by the Working Groups and report to the Cabinet Committee of Ministers, for clearance of the recommended negotiating positions. Discussions under the auspices of NDTPF will be held in six clusters: Agriculture, Market Access, Services, Trade Related Issues, Fisheries and Development Issues. The clusters have been organised as shown in Table 3.2
Table 3.4: Zimbabwe’s Trade Negotiating Clusters

<table>
<thead>
<tr>
<th>CLUSTER</th>
<th>MEMBERS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. AGRICULTURE CLUSTER</strong></td>
<td>Cold Storage Commission (CSC)</td>
</tr>
<tr>
<td>Ministry of Agriculture –</td>
<td>Agricultural Boards</td>
</tr>
<tr>
<td>Chair</td>
<td>Zimbabwe National Chamber of Commerce (ZNCC)</td>
</tr>
<tr>
<td></td>
<td>Horticultural Promotion Council (HPC)</td>
</tr>
<tr>
<td></td>
<td>Zimbabwe Sugar Industries</td>
</tr>
<tr>
<td></td>
<td>Ministry of Industry and International Trade</td>
</tr>
<tr>
<td></td>
<td>Commodity Council</td>
</tr>
<tr>
<td></td>
<td>Cotton Council of Zimbabwe (CCZ)</td>
</tr>
<tr>
<td></td>
<td>British American Tobacco (BAT)</td>
</tr>
<tr>
<td></td>
<td>Olivine-Oilseed Processors</td>
</tr>
<tr>
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<td>Millers Association</td>
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The above members were chosen without a wider consultation hence one can notice an omission of important players in various sectors. For example universities were left out in the service sector yet they can provide this cluster with meaningful insights. These clusters also show that there is going to be minimal involvement of non-state actors. This probably reflects the current unstable relationship between the state and this sector because of the proposed NGO Bill, which aims at controlling their activities. The ACP has been divided into six regions which will negotiate separately with E.U. Zimbabwe has configured itself under the Eastern and Southern Africa against discussing under SADC.

3.6.2 Challenges facing Zimbabwe in its roadmap

3.6.2.1 Funding

It should be noted that a lot of financial resources are required in order to institute any meaningful studies in the ACP-EU negotiations. Zimbabwe is relying mostly on funding from EU. Zimbabwe carried out an EPAS impact assessment study. This assessment study was contracted out to TRADES Centre, a firm of trade consultants. The report attracted a lot of criticisms as people felt that many stakeholders including consumers were not consulted. This criticism may fail to be substantiated given the relations between NGOs and the state in Zimbabwe. Most NGOs criticise any NGO which may seem to be siding with the government, which the NGO sector has labelled to be undemocratic. The EU again sponsored the training workshop for negotiators which was held by TRADES Centre. The EU has also offered to pay airfares for the negotiators...
whom it engaged starting September 2004. Funding for ACP negotiations is being done under the European Development Fund (EDF). This is the main instrument for the EU aid for development cooperation in the ACP and the Overseas Countries and Territories (OCT). Articles 131 and 136 of the Treaty of Rome provided for its creation with a view to granting technical and financial assistance to African countries that were still colonised at the time and with certain historical links. The EDF is financed directly by member states outside the usual EU budgetary mechanisms. The Fund has been operational since 1957. The fund is meant to promote and expedite the economic, cultural and social development of the ACP states party to the Cotonou Agreement with a view to contributing to peace and security and to promote a stable and democratic environment. Among all the EDF phases, the ninth EDF, concluded at the same time as the Cotonou Agreement, has been allocated EUR 13.5 billion over a period of five years. The unexpended balances from the previous EDF total are EUR 9.9 billion. EDF is not subject to the principle of annuality since it has limitless time to carry out any given project. This is why there are still on-going projects from the 6\textsuperscript{th}, 7\textsuperscript{th} and 8\textsuperscript{th} EDF’s. EDF has been criticised for both being partisan and conditional. The degree of bureaucracy attached to the EDF has made disbursements of this fund intermittently slow and this of course renders other facilities such as ‘Stabex’ inefficient since they rely on drawing from this fund. The EU is therefore maintaining an octopus grip on the ACP countries (Antonique, 1995). The domination of funding by the EU leaves Zimbabwe as a vulnerable state in negotiations. The issue of failure by the Zimbabwean Government to mobilise funds for the studies and negotiations compromises its position since its strategies cannot remain confidential from the donor.

Zimbabwe can take a leaf from Kenya. The impact assessment studies of EPAs were delayed in Kenya because Kenya realized that the EU wanted to dictate the terms of reference for the impact assessment study. Kenya has since commissioned the study using its own resources. The most important aspect is that ACP countries are taking for granted that trade is the backbone for political, social and economic aspects of any country. There is therefore the need to sacrifice and prioritise these negotiations in
budgetary allocations. This thinking calls for the merging of both the monetary and economic policies.

3.6.2.2 Typography of Negotiations

The nature of the negotiations is tilted in favour of the EU. One can observe that the EU already knows exactly what it wants from the negotiations. It has already done its assessment studies and knows which strategy to apply to the different regions in the negotiations. Zimbabwe in particular has not yet reached a consensus on its requirements. The question that arise is whether Zimbabwe is going to maintain the status quo in terms of the benefits it used to enjoy under Lome Agreements or negotiate for less trade with the EU considering its renewed and strengthening alliances with the East. Zimbabwe can consider negotiating for more benefits from the EU including obtaining assistance to deal with supply side constraints.

The EU is going to negotiate under a single negotiator, Pascal Lamy who is the EC Trade Commission. ACP regions are not yet sure whether to select one negotiator to represent their varied interests. The countries are still battling on which region they should configure themselves during the negotiations. As noted by Yash Tandon (2001), the EU has legal status, institutional structure (including the Council of Ministers and the European Parliament), a powerful functioning bureaucracy that sits in Brussels, and a team of skilled negotiators. The ACP states are struggling to formulate the institutional frameworks to handle the negotiations more so the funding of the process is limited since the organisations heavily depend on the EU for funding.

A major challenge for Zimbabwe is the issue of multiplicity of membership. Zimbabwe is both a member of SADC and COMESA. It has however chosen to negotiate under the configuration of ESA, which is negotiated under the auspices of COMESA. COMESA seems to be moving faster than SADC as the latter is struggling to have its membership rectify the SADC Trade Protocol. SADC will infact negotiate as a weaker region because most of its members will negotiate under ESA, which are Zimbabwe, Mauritius and Malawi, Swaziland, Namibia, Angola and Mauritius. This is despite the fact that
Tanzania will negotiate under SADC since it pulled out of COMESA alongside Namibia. Mrs Faranisi, Deputy Secretary in the Ministry of Industry and International Trade observed that all these regional groupings have the same agenda and at a certain point, there shall be convergence of ideas. (Statement recorded at conference held by TRADES Centre on ESA and SADC preparations for EPA negotiations on 11-12 November 2004).

It is therefore important that SADC and ESA ensure coherence in their positions under EPA negotiations.

It is important that SADC and ESA consider that agriculture is a sensitive area for the two regions. Since most products are similar, it is essential for these two regions to build one agenda for the negotiations. For example the duo can define that all products be traceable from the farm to the market. This will enable the region to handle the issues such as pricing, insurance, subsidies, market access and rules of origin much easier. The issues of Non Agricultural Market Access (NAMA) can also be handled in a coherent manner. The issue of standards and certification, which is under the non-tariff barriers, can be resolved through the adoption of international standards. This is recommended with recognition of the fact that COMESA uses international standards of certification whereas SADC uses not only the international standards but also at times even national standards. The problem is with the national schemes, the Zimbabwe product scheme is not accepted internationally. EU will always want to re-test the standards of a product. This alliance should agree to eliminate or reduce bureaucratic procedures and develop its infrastructure such as transport and telecommunication networks.

It is important that ESA and SADC harmonise their conceptualization of tariff barriers. COMESA has planned to have zero tariffs by 2005 whilst SADC intends to have zero tariffs by year 2012. This means that there is need to agree on a similar timeframe in which the zero tariff will be applied and then agree on a common external tariff. There is also the need to harmonise the product coverage that is whether to implement tariffication based on product lines or on all imports. Given the fact that South Africa has already agreed with EU under Trade, Development and Cooperation Agreement (TDCA) to liberalise its tariffs by 86% over 12 years, SADC and ESA should liberalise at a much
lower rate given the low GDP of the region especially excluding that of South Africa. SADC/COMESA member countries will lose revenue as a result of these negotiations. These negotiations will also require adjustments costs. A study carried out by Moses Tekere (2002), shows that if tariffs are eliminated by 2020, gross loses for Mauritius will be 39.49 percent; Tanzania, 37.67 percent; Zimbabwe, 33 percent and Namibia, 24.07 percent. The study shows that SACU members will be the least affected in the ESA configuration since they rely less on trade taxes for revenue. As a result, Botswana will lose 7.7 percent, South Africa 10.3 percent and Swaziland, 9.87 percent gross. This means that these governments will have to find alternative revenue sources, for example introducing the value added tax system which if properly administered can result in an efficient tax collection system.

Rules of Origin are very important under NAMAS. It is important to note that ESA and SADC have separate rules of origin. ESA rules of origin are based on 35% for intra-regional trade whilst SADC rules of origin are based on tariff lines. The rules differ per product in SADC whilst in ESA the rules are based on value addition in general. The two set of rules are both WTO compatible. This means that the two groups should find one formula for harmonisation purposes.

Under the auspices of NAMAS, goods of economic importance need to be carefully investigated because products have different levels of sensitivity in different economies. There is therefore the need to make a product requirement assessment so that internal needs are first met by the region without involving external parties. This implies the effective utilization of comparative advantages that lie in the region before looking elsewhere.

Besides NAMAS, there is need for ESA and SADC to have a common understanding of the development agenda. The civil society should be involved in this negotiation. There should be capacity building and awareness campaigns on the development agenda. Political and economic commitments need to be established towards this cause. It is also important that the region constitute institutions both at national and regional level, which
should handle safeguards and ensure that they are WTO compatible. Safeguards should guard against dumping of goods on local markets by the EU. These institutions should also handle the issue of subsidies. It is very important that in order to reduce the typological differentials of the negotiating parties, an independent taskforce be established. Members should be selected from trade and development experts to monitor and evaluate the progress and preparations of the negotiations.

One can conclude that in the EPA-EU negotiations, Zimbabwe does not have a clear-cut roadmap of how to handle these multilateral negotiations from a regional standpoint, just like at WTO level. It actually has a problem like most ACP members of how to differentiate the two negotiations. The negotiations are being held within the confines of the existing global economic order in which the poor are voiceless as they are over dependent on resources from their colonial masters. The historical imbalances continue to be fostered through such trade negotiations whose characteristics reflect neo-colonialism. Zimbabwe should negotiate the aspect of value addition to raw materials. The EU is simply using a divide and rule tactic in which it is negotiating both horizontally and vertically. It has already negotiated with South Africa -the TDCA. Since South Africa has the largest economy in Southern Africa, it is with great suspicion that the ACP-EU negotiations are a foregone matter because EU products already have South Africa as an avenue to bring its goods to the African market. With the inability of African countries to monitor the rules of origin aspect, it is clear that the negotiations pace has already been set by the TDCA.

Zimbabwe has to take these negotiations seriously because they have far reaching consequences for its economy, people livelihoods and the state role as a provider of basic services. It is important that information on trade be disseminated in its simplest form. Kenya is carrying out this programme successfully since it is educating its small farmers about these negotiations. There is a need to strengthen trade negotiators' capacity to fully analyse the implications of regional and multilateral trade agreements and work out holistic negotiating strategies. This must include all stakeholders including the private sector, civil society organisations, government officials, the media and workers
representatives. It is important Zimbabwe should come up with a formula that is protective of its vulnerable industries or build their capacity so that when trade liberalization is implemented they are not found on the receiving end. The government should provide incentives to the local producers and manufacturers for value addition.

One can only emphasise that Zimbabwe has a chance to renegotiate its interests with the EU, however it is doing so with a limping leg. The EU has also imposed sanctions on Zimbabwe because of the so-called ‘unbecoming democratic nature’ of the government of the day. Zimbabwe’s economy has declined significantly since year 2000 when it implemented the controversial land reform program. Prioritising budgetary allocations for trade research maybe problematic as the government is struggling to provide basic but essential commodities such as fuel and mealie meal. The vicious circle of donor dependency is normally reverted to as already seen by the impact assessment study sponsored by the EU. The outcome of such negotiations will therefore be in favour of the strongest, that is EU.

3.7 Conclusion
From the above analysis one can conclude that there are structural weaknesses in the institutional framework of WTO negotiations in Zimbabwe. There are serious understaffing problems at the Zimbabwean Embassy in Geneva. At most there are two (2) trade officials dealing with WTO and other related issues. These officers are normally not trade specialists but they find themselves faced with trade complexities which they have to deal with on a daily basis. In a day there are normally not less than 5 meetings taking place in Geneva on WTO and it is not possible for these two people to be at all the meetings at the same time. Another problem confronted by these trade officials is that there is generally lack of meaningful support from the capital, Harare. The capital has serious staffing problems and its staff lack the expertise required to deal with such complex trade negotiations. In most cases, as shown by this study, trade officials in Geneva actually come to educate officers in the capital on the proceedings in Geneva, yet it is staff from the capital, which is supposed to develop position papers and submit them
to Geneva. Without expecting much from the officers in the capital, it is important to mention the lack of enthusiasm from government departments concerning these negotiations. This was evidenced by lack of budgets to carry significant research work for the negotiations to be well informed. Where the Ministry of Industry and International Trade initiated some studies, the process was heavily criticised for being artificial and leaving out the views of the populace in the research activities. Lack of funding in the dissemination of information was also witnessed by over-reliance on donor funding for all the seminars held in Zimbabwe before and after the studied Ministerial conferences. The institutional framework of negotiations in the capital also showed lack of harmony in the collaboration of WTO activities. The conflict between the Ministry of Foreign Affairs and The Ministry of International Trade is a clear example in which the issue of who controls international trade surface.

The political-economic environment in Zimbabwe during the period under study is a significant factor which affected the capital from firming up on country positions. Whilst other developing countries may have received support from their industries in the negotiations, Zimbabwe’s position on these issues was polarised by its policies towards them. As a result of negative effects of the structural adjustment programme and land reform exercise, GoZ engaged in price controls and tightening of fiscal and monetary policies to the detriment of industrialists in Zimbabwe. This resulted in bad relations developing between industry and government such that there was a lot of reluctance from this sector to support government initiatives on WTO negotiations.

It is important to note that NGOs played a significant role in WTO negotiations, by assisting most developing countries to push their positions in the various meetings. Their significant impact has been their call against introducing any new issues in the WTO like the Singapore issues, without first addressing the problems of the Uruguay Round; problems of protectionism by developed countries and the undemocratic structure of the WTO. The role played by NGOs in the negotiations conforms with Momoh’s (2003) assertion that civil society (NGOs) therefore provides an important source of hope for developing countries that are exposed to social exclusion because of globalisation. This
study however showed that that there are limitations provided by the Zimbabwe’s political arena in making these NGOs effective. Their space is limited currently by the mistrust between NGOs and the government over their role in influencing the community to act against government. Limited resources and expertise has also resulted in the government failure to engage its community in discussions on WTO, hence inundating the civil society with a lot of work on information dissemination. This situation has resulted in minimal feedback being obtained from the community as it grapples to understand what the WTO is all about.

This study found out that Zimbabwe normally goes to the Ministerial Conferences or General Council negotiations without any clear cut positions. Its positions on WTO issues could however be ascertained through its participation in formal and informal groupings such as the African Group, G77, G15, SADC, COMESA, which have been very vocal on its positions. This study however noted that in these groups there are dominant group countries such as Brazil, India Yugoslavia and South Africa whose views normally overshadow that of other countries. An important finding of this study is the collaboration that seems to be forged by the South in their various groups. The fact that these groups presented almost similar concerns at various Ministerial Conferences makes one to question whether there are any prospects for the South-South cooperation. The South-South cooperation may be difficult to achieve because of the historical background of the South groups, most of which have their tentacles in colonial legacy. Self interests, bilateral relations and regional commitments, over-reliance on aid, implementation of neo-liberal policies are some of the issues that are likely to hinder the South-South solidarity. The next chapter discusses the impact of the Agreement on Agriculture, on Zimbabwe.
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CHAPTER FOUR: THE AGREEMENT ON AGRICULTURE

4.1 Introduction

This Chapter discusses the impact of the Agreement on Agriculture (AoA) on Zimbabwe. An overview of Zimbabwe’s Agricultural policies is outlined, followed by an in-depth analysis of how the Agreement affects Zimbabwe. The declaration on the Agreement on Agriculture (Annexure 4.1) reconfirms the long-term objective already agreed in the present World Trade Organisation (WTO) Agreement: to establish a fair and market-oriented trading system through a programme of fundamental reform. The programme encompasses strengthened rules, and specific commitments on government support and protection for agriculture. The purpose is to correct and prevent restrictions and distortions in world agricultural markets. Member governments committed themselves to comprehensive negotiations aimed at market access: substantial reductions; exports subsidies: reductions of export subsidies, with a view to phasing out, all forms of these; domestic support: substantial reductions for support that distort trade. The declaration makes special and differential treatment for developing countries integral throughout the negotiations, both in countries’ new commitments and in any relevant new or revised rules and disciplines. It states that the outcome should be effective in practice and should enable developing countries meet their needs, in particular in food security and rural development. The ministers also took note of the non-trade concerns (such as environmental protection, food security, rural development, etc) reflected in the negotiating proposals already submitted. They confirmed that the negotiations will take these into account, as provided for in the Agriculture Agreement. The question which arises is whether the Agreement on Agriculture has brought any developmental prospects for developing countries.

During GATT, agriculture, though covered under negotiations remained peripheral as industrial goods took centre stage. Export subsidies were permitted on agricultural products yet they were prohibited on industrial products. According to Article XVI: 3 of GATT, the only conditions were that agricultural export subsidies should not be used to capture more than an ‘equitable share’ of world products. Article XI: 2 of GATT also permitted countries to resort to import restrictions under certain conditions. This was
worsened by the non-tariff restrictions applied by developed countries to their agricultural products. All these issues make the AoA one of the most important outcomes of the Uruguay Round.

Agriculture is the mainstay of low-income countries, accounting for more than 70 per cent of employment, compared with 30 per cent in middle-income countries and just four (4) per cent in high-income countries (UN, 2002). In African economies, and women and children produce most of the agricultural products. In Africa, 77 per cent of the population is earning its livelihoods from agriculture. The outcome of negotiations on agriculture therefore affects millions of children, women, men and many organisations in developing countries. It is however noteworthy that the Agreement on Agriculture seems to however fail to recognise the importance of agriculture to developing countries. The Agreement seems to have been designed with the developed countries’ agriculture in mind. Agriculture is also an important source of foreign currency as the agricultural products are exported. According to FAO, agriculture accounts for 27.3 percent of developing countries and 34 percent of least developed country merchandise exports from 1995 to 1997, whilst agriculture accounted for only 8.3 percent of industrial-country exports during the same period (Murphy and Lilliston, 2005). Revenue generated from agriculture can sustain people’s livelihoods such as paying for their education, health and other social service provisions.

Most importantly, for low-income countries is the importance of agriculture to food security. This has led to many civil society organisations such as La Via Compensia to advance the idea of food sovereignty so that the issue of agriculture can be removed from the negotiations. Agriculture has the potential to reduce poverty in developing countries. The Agreement on Agriculture has been criticised for failing to appropriately address food production concerns of developing countries. It is criticised for failing to differentiate between support used to boost exports and support used to enhance production in growing domestic markets (Murphy and Lilliston, ibid). These authors note that most developing countries submit that the AoA does not sincerely address the issue of food security since it fails to define the term or set out any specific measures that
would enable developing countries to address their food concerns. The concerns on food security are also worsened by the failure of the AoA to correct anomalies arising from the tariff structure particularly of sensitive staple food crops. In 1995 most developing countries had bound tariffs of important and sensitive staple products at very low levels. These commitments have increased the vulnerability of their farmers to imports from developed countries.

Of central concern to developing countries is also the 1994 Marrakech Ministerial Decision which was supposed to protect net food-importing developing countries from price hikes caused by the AoA through the Special Differential Treatment (SDT) principle. Even though prices rose to the disadvantage of developing countries, developed countries refused to implement the principle. This is because the principle is ambiguous and does not provide for the criteria on provision of assistance. Developed countries continue their high-level protectionism. Of major concern to this study is the way the AoA was negotiated during the Uruguay Round as well as the manner in which developed countries have implemented the agreement at the expense of developing countries.

4.2 An Overview of the Zimbabwe Agricultural Policies
For the past two decades, Zimbabwe adopted three policy frameworks, which affected its agricultural sector. In 1980, the Government of Zimbabwe (GoZ) pursued the “growth with equity programme” between 1980 and 1990. It sought to redress the colonial legacy in favour of the black majority communal farmers. In 1991, the GoZ implemented the “Economic Structural Adjustment Program” (ESAP). In year 2000, there was the programme of “fast-track land resettlement and redistribution” which is currently underway.

In 1980, the objective of the GoZ was to promote smallholder farmers in order to reduce the big gap between white commercial farmers and communal farmers and increase production. The smallholder farmers became the largest producers of maize and cotton. This was a major achievement in terms of food security, hence Zimbabwe was given the
responsibility of ensuring food security in Southern Africa Development Community (SADC). A rural resettlement programme was introduced by government but it was on a small-scale because of limited resources, particularly to purchase the farms from the whites, which were sold on a “willing buyer, willing seller basis.” In 1986 government introduced the Export Retention Scheme, the Export Revolving Fund and Foreign Exchange allocations in favour of exporters in order to promote exports. The Horticultural Promotion Council was formed, and the communal areas management programme for indigenous resources (Operation Campfire) was established towards the end of the 1980s. These interventionist policies were no longer sustainable and the GoZ introduced reforms in all its sectors including agriculture. These market reforms adopted in 1991 were aimed at market deregulation, liberalization and export promotion (Government of Zimbabwe, 1991). There was deregulation of agricultural marketing and decontrolling of domestic prices were removed except for a few commodities. Even though trade was liberalized, importation and exportation of some goods required a licence. For example exportation of maize and other food stuffs and importation of fertilizers, however continued to be regulated. These market oriented reforms led to the increase of agricultural inputs and machinery. For example, there was a big increase in the cost of fertilizer, stock feeds and agricultural equipment.

In 2000, government embarked on a land reform programme which literally reversed its liberalisation policies in the 1990s. It introduced price controls over a number of agricultural and food products. The marketing of grain is now controlled by the Grain Marketing Board (GMB) which also has the monopoly to import and export maize. This is actually a non-tariff barrier which affects exports and imports in Zimbabwe since it is a single marketing channel. The land conflict in Zimbabwe has its roots in colonial legacy. The fight between the blacks and whites over farms in Zimbabwe started with the occupation of the country by the British settlers. The root of the conflict is that they (the whites) occupied the land without any compensation being paid to the black Zimbabweans. Yet the whites also claim that by then the land had no value. It was just huge tracks of green forests which did not deserve any payment. This shows that the land conflict in Zimbabwe has more of political overtones than legal or economic overtones.
At Lancaster House, the Government of Zimbabwe (GoZ) agreed not to amend the constitution until after 10 years. This means that private property had a 10 year guarantee. Land in Zimbabwe was therefore sold on a “willing buyer, willing seller” basis. The British Government committed 33 million pounds to this project which would provide land for resettling blacks. These British funds were counter funds of which the GoZ had to raise a matching sum. The GoZ had problems with this arrangement because the farms that were offered were not only few but they were not in rich farmlands. The GoZ on a point of principle would not buy back the ancestral land usurped by the colonialists. The GoZ could not secure enough funds to provide adequate infrastructure for the resettled people. This irked the GoZ and started questioning the morality of buying one’s own land. With such land resettlement problems, the Land Acquisition Act (1992) was enacted. It pronounced compulsory acquisition of land for redistribution. This was enacted upon realisation also that one (1) percent of Zimbabweans (whites) then 12 million population still controlled 1/3 of the best farmland when the black majority wereanguishing in poverty because of overpopulation in barren lands. White farmers whose farms were compulsorily acquired are getting paltry compensation for equipment and developments on the farm. This has angered the white community who have challenged GoZ over the rights to private property and human rights abuses. The farm workers have not been spared in this conflict. To make matters worse, the land conflict in Zimbabwe has also spilled into neighbouring countries. As a result of this conflict the GoZ instituted a Land Audit whose report has exposed a lot of abuse of power by those with heavy political weight. In August 2002, the government declared the fast-track land reform complete.

4.3 Agriculture and the World Trade Organisation
Zimbabwe is classified as a net food-importing developing country within the WTO. Agriculture is the backbone of Zimbabwe’s economy. Further more, agriculture is unique in that it touches on the very roots of the existence of people. It provides for food security and sovereignty of the people. Agriculture provides employment and income for 60-70 percent of the population, supplies 60 percent of the raw materials required by the industrial sector and contributes 40 percent of total export earnings. It directly contributes
15-19 percent to annual GDP (Government of Zimbabwe, 1995). Of the 39 million hectares which Zimbabwe has, 33.3 million hectares are used for agricultural purposes. The remaining 6 million hectares are used for national parks and wildlife, and for urban settlements. Zimbabwe agriculture consist of about 7.1 million smallholder and communal farmers occupying a total of 21 million hectares. Until the land reform programme, there were about 4000 large scale commercial farmers who occupied the Zimbabwe prime land as compared to the communal farmers who occupied areas with poor rainfall patterns and soils. Communal farmers largely produce mainly for their consumption and the commercial farmers for profit. Zimbabwe principal agricultural exports as illustrated on Figure 4.1 in descending order include tobacco (60 percent of total agricultural production), cotton lint (about 10 percent), raw sugar (9 percent), tea and coffee, horticultural products and maize. Imports of agricultural products are limited mainly to wheat and maize, particularly in drought years (Agricultural Statistical Bulletin 2001).

![Figure 4.1 Share of agricultural exports.](image-url)

When the WTO was established in 1995, Zimbabwe had implemented liberalisation policies under the ESAP. The reforms made included reducing controls on imports and removing foreign exchange controls, de-controlling the domestic market and improving the environment for foreign direct investment. With such a background, Zimbabwe viewed trade liberalization within WTO as a complementary and supportive international instrument to buttress national efforts. The GoZ expected that Zimbabwe’s trade and investment liberalization would result in economic growth, employment creation, increased exports and integration of the country into the world economy.

As a developing country, Zimbabwe enjoyed some concessions regarding compliance, longer implementation periods, and exemption from some commitments. This study showed that nine years after the WTO came into being; however, there is no clear understanding of the implications of its disciplines on the Zimbabwean economy. The GoZ continue to participate in the negotiations without clarity on its agricultural policies. This is mainly because of its land reform programme which has affected the socio-political and economic fabric of the whole country. The implications of the Agreement on Agriculture, on Zimbabwe will be discussed in its three dimensions: market access, export incentives and domestic support.

4.4 Market Access
Market access relate to bindings and reductions of tariffs, and to other market access commitments specified in the Agreement on Agriculture Declaration of 1994. To bring order to border protection, the agreement mandates the conversion of all Non Tariff Barriers (NTBS) except those justified under normal World Trade Organisation exceptions (e.g. balance of payments) into tariffs (a process known as tariffication), subject to agreed maximum rates. It required the reduction of tariff equivalents and ordinary tariffs over six years (ten years for developing countries), with a 15 percent (10 percent for developing countries) minimum cut per tariff item. In agriculture, Zimbabwe bound most of its tariffs at 150 percent (except a few items whose bindings were set at 25 percent and bananas at 40 percent) to give scope for trade-offs in future negotiations on
agricultural tariffs and to counter the impact of subsidized imports on domestic agricultural production. The high level of bindings was also arrived at after considering the need to gain more understanding on the implications of the reduction commitments. Like other developing countries, Zimbabwe committed itself to reducing its bound tariffs by a simple average of 24 percent between 1995 and 2000 (FAO, 2001). Figure 4.2 shows some of Zimbabwe’s bound rates as compared to the actual rates applied.

Whilst the bound rates may seem high, the applied rates are actually lower. The applied tariffs are characterized by tariff escalation where lower tariff rates are applied to raw materials, higher rates for semi-processed products and very high rates for finished industrial products. Given that Zimbabwe is mostly an exporter rather than an importer of agricultural products, the level of tariff affects relatively few imported products such as essential oils, cocoa butter and spices. These were bound at 25 percent with effect from 2004. In SADC and COMESA, Zimbabwe applies lower tariff rates to agricultural products. For example, Zimbabwe applied tariffs for agricultural imports from the COMESA region are either zero-rated or zero, and this applies to agricultural products. The SADC Trade Protocol also aims at reducing these tariffs to zero, which are relatively much lower than the current Most Favoured Nation Rates of the WTO (Please see Table 4.2 for the comparison of SADC and MFN rates).
Table 4.1 Zimbabwe bound and applied tariff schedule on selected agricultural products

<table>
<thead>
<tr>
<th>HS code</th>
<th>Description</th>
<th>Base rate (%)</th>
<th>Bound rate (%)</th>
<th>Applied rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0904</td>
<td>Pepper, crushed or ground</td>
<td>50 (U)</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>0905</td>
<td>Vanilla</td>
<td>30 (U)</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>0906</td>
<td>Cinnamon and cinnamon tree flower, crushed or ground</td>
<td>50 (U)</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>0907</td>
<td>Cloves, crushed or ground</td>
<td>50 (U)</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>0908</td>
<td>Nutmeg, crushed or ground</td>
<td>50 (U)</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>1006</td>
<td>Rice: semi-milled/wholly milled</td>
<td>30 (U)</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>1804</td>
<td>Cocoa butter (fat or oil)</td>
<td>30 (U)</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>1805</td>
<td>Cocoa powder, unsweetened</td>
<td>50 (U)</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>3301</td>
<td>Essential oils (terpeneless or not), excluding oils of bergamot, lavender or lavender, anise, bitter almond and camphor, caraway, cinnamon, cumin, mustard, nutmeg, rosemary, valerian and vanilla in immediate packings of a content minimum 5 litres/5 kg or other packings</td>
<td>30 (U)</td>
<td>25</td>
<td>5</td>
</tr>
</tbody>
</table>

Table 4.2 Comparison of post-2004 SADC and MFN tariffs

<table>
<thead>
<tr>
<th>HS chapter</th>
<th>MFN tariffs</th>
<th>SADC tariff rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>17</td>
<td>5</td>
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<tr>
<td>2</td>
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<td>22</td>
<td>46</td>
<td>30</td>
</tr>
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<td>23</td>
<td>9</td>
<td>0</td>
</tr>
<tr>
<td>24</td>
<td>75</td>
<td>75</td>
</tr>
</tbody>
</table>

Source: FAO, 2001

The Zimbabwe position on non-tariff barriers is governed by the Control of Goods Act, Chapter 14:05, which dates back to 26 March 1954 and was revised in 1996. The Act broadly enables the President to provide regulation for “the control of the distribution, disposal, purchase and sale, and the wholesale and retail prices, of any manufactured commodity, animal or poultry specified by the President by order of any such commodity, animal or poultry, for control of imports and exports for the purposes of accidental and supplementary of the foregoing.” The export of some products were banned in Zimbabwe. These are listed in Table 4.3.
<table>
<thead>
<tr>
<th>Article and Description, and where applicable the legislation or regulation</th>
<th>Rationale For the prohibition</th>
<th>Inception Date</th>
<th>Expiry Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooking oil. This good can only be exported after obtaining a licence from the Ministry of Industry and International Trade.</td>
<td>To ensure that the domestic market is satisfied.</td>
<td>26 March 1954, however a ban was imposed in 2002.</td>
<td>Whilst the licensing is indefinite, the ban has been lifted.</td>
</tr>
<tr>
<td>Margarine. This good can only be exported after obtaining a licence from the Ministry of Industry and International Trade.</td>
<td>To ensure that the domestic market is satisfied.</td>
<td>26 March 1954, however a ban was imposed in 2002.</td>
<td>Whilst the licencing is indefinite, the total ban has been lifted.</td>
</tr>
<tr>
<td>Sugar. This good can only be exported after obtaining a licence from the Ministry of Industry and International Trade.</td>
<td>To ensure that the domestic market is satisfied.</td>
<td>26 March 1954, however a ban was imposed in 2002.</td>
<td>Whilst the licencing is indefinite, the total ban has been lifted.</td>
</tr>
<tr>
<td>Raw Hides. Exporting of raw hides has been banned through a Ministerial Directive.</td>
<td>The local tannery industry was on the verge of collapse, as producers of raw hides were exporting to more lucrative markets.</td>
<td>Mid 2003</td>
<td>Indefinite</td>
</tr>
<tr>
<td>Unprocessed hardwood timber</td>
<td>Prevent exploitation of limited reserves and add value to local natural resources.</td>
<td>TBA</td>
<td>Indefinite</td>
</tr>
<tr>
<td>Scrap Non ferrous Metals (Copper and Aluminium). These were banned through a Ministerial Directive</td>
<td>The exports of non ferrous metals was restricted because the local foundry was facing viability problems as scrap dealers were opting to export most of their scrap to South Africa were the return was lucrative.</td>
<td>July 2003</td>
<td>Indefinite</td>
</tr>
<tr>
<td>Other Non-product specific restrictions (Describe)</td>
<td>Rational</td>
<td>Date of Inception</td>
<td>Expiry Date</td>
</tr>
<tr>
<td>Food products such as bread, milk, margarine, milk and sugar etc. This was through a Ministerial directive. Diesel</td>
<td>There was a total ban on their export in 2002/3 at the peak of price controls in Zimbabwe. The fact that prices were being controlled, producers opted to export most of their products, this had the effect of starving the local market. The acute shortage of these products on the market induced government to ban exports of these products</td>
<td>2002</td>
<td>This seemingly expired with the removal of price controls in late 2003, however the given products requires licence for them to be exported.</td>
</tr>
</tbody>
</table>

Source: Imani Development, 2004
From Table 4.3, it can be deduced that the export restriction on margarine and other food products led to a decline in exports particularly during 2002 and 2003 when there was a peak of price controls. As a result of these export restrictions, exports of margarine declined from 2.1 million kilograms to 1.4 million during this period. Exports of raw hides declined from 0.4 million kilograms to 0.01 million kilograms in 2002 and 2003. The export ban on food products such as milk, bread affected Zimbabwean traders exporting the goods, particularly cross border traders who were earning a living from such engagements.

Market access of goods from Zimbabwe was also affected by government fixed exchange rate policy and the amount which exporters were expected to surrender to government in order to build national foreign currency reserves. This resulted in exports decline since government policy actually meant loses to exporters. Government foreign exchange policies also led to unscrupulous border deals as some exporters smuggled their goods out of the country for fear of surrendering their foreign currency earnings at a loss to government. This actually resulted in conviction of a number of persons over the smuggling of such agricultural products as tobacco, maize, sugar and wheat.

From Table 4.2 one can also note that Zimbabwe has import restrictions since some of its products require permits from the Ministry of Agriculture. These permits are issued under Statutory instrument 350 of 1993 governed by the Control of Goods (Import and Export) (Agriculture) Order of 1993. These permits also require exporters to comply with provisions of The Cold Storage Commission Act, The Grain Marketing Act, The Plant Pests and Disease Act or any other law in force in Zimbabwe controlling the imports and exports of goods. A Phytosanitary certificate issued by the Ministry of Agriculture should accompany all plant products imported into Zimbabwe. A Genetically Modified Free certificate from the Ministry of Agriculture should also accompany the importation of maize and wheat products into Zimbabwe. The Zimbabwe Revenue Authority is also viewed as a non-tariff barrier. It manages custom duties at Zimbabwe borders. The major problem faced by its officials at borders is that there a many rates which can be applied to a product depending on the specifications of the products. An officer makes a discretion
in choosing which tariff to apply. These officers normally apply high tariffs in order to boost government’s revenue or use this method to lure clients into corrupt activities in which they will receive kickbacks normally paid into their personal accounts in order to use the low rate. Many of these officers were convicted of such offences.

What is disturbing is that developed countries continue to request developing countries to open their markets yet this policy allows their products to be dumped in the poor countries at cheaper prices. Haiti, for example, implemented trade liberalization policies in which the IMF and the US forced it to cut its tariff on rice to a mere 3 per cent. As a result, rice imports mostly subsidised rice from the US increased thirty-fold. This resulted in malnutrition to affect 62 per cent of the population, up from 48 per cent in the early 1980s. Big rice traders and American rice farmers have dwarfed Haiti’s farmers. Farmers in developing countries managed to capture only 35 per cent of world agricultural exports in 2001 down from 40 per cent in 1961, because of falling commodity prices and high trade barriers (www.oxfarm.org.uk).

Failure to control beggar-thy-neighbour policies such as high tariff and competitive devaluations led to economic breakdown and contributed to domestic political instability and the international wars. In order to ensure economic stability and political peace, states agreed to co-operate and regulate the international economic system. The formation and subsequent operations of GATT, WTO, IMF and World Bank have witnessed the dynamism of protectionism in international trade. The question that arises is whether there are any prospects to reduce protectionism in the current global trading regime.

Protectionism refers to the deliberate restraint of importation of foreign goods. This has been one of the problems facing global trade as countries seek to protect their industries and markets from the goods produced by other countries. Non Tariff Barriers (NTB) are proliferating protectionism despite the WTO efforts of tariffication of non tariff barriers. An NTB is any governmental device or practice other than a tariff which directly impedes the entry of imports into a country and which discriminates against imports. There are a number of protectionism measures that are adopted by developed countries as a way of
closing their markets from foreign competition. These measures include higher tariffs, import quotas, exchange controls, subsidies, sanitary and phytosanitary requirements, technical requirements, customs procedures and a plethora of other “safeguards”. This translates to trade wars where each country tries to insulate its markets from the foreign goods. Protectionism is in the main unprogressive since it results from very few numbers benefiting at the expense of large masses. Developed countries have been major culprits since their rate of protectionism has a significant impact to the trading global order.

Tariff peaks, which entail high tariffs, continue to be implemented by developed countries for goods in which developing countries have comparative advantages. These are detected in agricultural products such as cereals, fruits, sugar, vegetables and dairy products. Tariff peaks have also affected products such as textile, leather and clothing. Tariff escalation affects products from developing countries since this concept implies more return as the product goes up the processing stages. Because of the lack of support infrastructure required in product processing, developing countries’ unfinished goods continue to face low prices on the international markets. Zimbabwe’s Agricultural and Rural Development Authority (ARDA) exports tea to the Netherlands and United Kingdom. The EU requires that this product be exported in its raw form in order to allow EU to blend it with other teas from around the globe. This requirement is a non-tariff barrier because ARDA could actually process, package and brand the tea in Zimbabwe according to EU specifications in order to create employment and increase value of the tea exports (see Annexure 4.2). This becomes deliberate protectionism since developing countries will continue to supply raw materials to developed countries.

Sanitary and Phytosanitary (SPS) and technical barriers to trade (TBT) are being used as protectionism agents against developing countries exports. SPS measures have been permitted under WTO in order to protect animal or plant life or health within member countries from risks arising from diseases, contaminants and pests. The testing, inspection, certification and approval procedures have not been favourable to Third

40 SPS measures are regulations and standards applied to both imported and domestic goods that aim to protect human, animal or plant life or health from pests or diseases.
World Countries (TWCs), particularly Africa which is a low income region and does not afford to carry out compliance tests. There is no equivocation that agriculture is the most important sector in most if not all developing countries. The growing number of Sanitary and Phytosanitary (SPS) principles has been an instrument to restrict competition in the world market. EU does not accept importation into their member countries of textiles treated with ezo-dye or chloroqualite chemicals. This affects TWCs from accessing this market since they heavily rely on these chemicals in their production.

India is one of the world’s largest milk and dairy products producers. Much of this production, however, consists of farmers who milk by hand. Directive 92/46/EEC lays down sanitary standards for milk production within the EU. This directive requires that dairy products be manufactured from milk derived from cows that have been kept on the farm and mechanically milked. Given the predominance of hand-milking in India, this effectively precludes smallholder producers and much of India’s milk output from exports to the EU.

Technical Barriers to Trade (TBT) have been given legitimacy by the WTO Agreement. Even though this agreement specifies that members should conform to the national treatment principle when applying this article, there are no enforcement mechanisms within the agreement except recourse to the Dispute Settlement Body whose adjudication complexities does not offer TWCs any justice. Mention is made to the effect that members should give special and differential treatment to developing countries as their special development, financial and trade needs should be taken into account. Developed countries have actually acted to the contrary as they consider their developmental, financial and trade needs.

Labelling has proved to be a technical barrier to trade as most developed countries are particular on such specifications. Since the inception of the Germany “Blue Angel” eco-seal in 1977 numerous countries have followed suit by introducing stringent packaging legislation. The expansion of environmental standards and regulations in industrialized countries has grossly impaired the trading opportunities for the developing countries as
stricter product standards in the markets of developed countries have emerged as a formidable trade barrier. The introduction of eco-labelling programmes was meant to protect the environment, however, recently there is growing international concern that the dramatic increase in eco-labelling programmes in the developed countries is another form of protectionism against TWCs commodities. Developing countries have experienced insistence on filling a form with a particular colour just to get products into the EU. Failure of TWCs to adjust to such a requirement means limited markets for their products. These procedures are constituted in customs bureaucracy, which have proved a formidable force against free international trade.

Agricultural products from Zimbabwe face non-tariff barriers not only from Developed countries but also from Developing countries particularly from its region. Being a member of the ACP countries, which enjoyed non reciprocal tariff preferences given by the EU under Lome Convention, Zimbabwe was guaranteed of better market access and market goods in the EU. Exports to the EU currently account for about 36 percent of the country’s total exports. Major agricultural export products to the EU are tobacco, cotton, meat products, tree plants, and cut flowers. Under the Convention’s Beef and Veal Protocol, Zimbabwe has a preferential tariff quota that allows it to export 9 100 tonnes of beef to the EU annually, with a duty of only 20 pence per kilogram being paid as a preferential rate under the ACP protocol. Currently trade with the EU, South Africa and Namibia in respect of fresh beef is suspended owing to foot and mouth disease outbreak in the country in August 2001. Zimbabwe is exporting beef to DRC and Mozambique. The livestock industry in Zimbabwe continue to be threatened as international standards continue to rise and issues such as traceability of animals, animal welfare and food safety (drug residues) are becoming very important and at the same time resulting in the increase of non tariff barriers (see Annexure 4.3). Under the Sugar Protocol, Zimbabwe’s preferential tariff quota stands at 30 225 tonnes annually supplemented by a variable Special Preferential Sugar quota. Exported quantities from year 1985 to 1999 are shown in Figure 4.2 Zimbabwe has also benefited from the STABEX fund for supporting export earnings owing to a decline in prices of commodity exports. Zimbabwe’s exports into EU
is likely to be affected by “smart sanctions applied by the EU based on the fact that the latter alleges that the EU has violated article 9 of the Cotonou Agreement which calls for the maintenance of the rule of law, human rights, democracy and good governance. The preferential system can however be criticised for stifling competition based initiatives. Zimbabwe could have diversified its products and markets had it not been for the existence of a guaranteed market and prices. Zimbabwe like many ACP countries actually always failed to reach their quota requirements. This system can however be regarded as a non-tariff barrier to those ACP countries whose exports to the EU were limited by the quotas yet they had the potential to surpass the mark.

![Figure 4.2: Exports of sugar 1985-1999.](image)


Exports to SADC region now account for about a 30 percent of Zimbabwe’s total exports, while imports from SADC are over 40 percent of the total import bill. Zimbabwe supplies a variety of products to SADC such as cottonseeds; light manufactures such as tobacco, cotton, oil cake and soya beans, maize, live bovine animals and imports maize and wheat.
Zimbabwe major imports from COMESA include food and live animals, and tobacco, while its exports are dominated by food products, manufactures, chemicals, transport equipment and machinery, which have to do with agriculture. Zimbabwe has bilateral trade agreements in the region with countries like South Africa, Botswana, and the Democratic Republic of Congo (DRC). Whilst there are various preferential trade arrangements between these countries, market access continues to be hindered not only by tariff barriers but mainly by non-tariff barriers which these countries impose. For example when Zimbabwean goods are exported to DRC via Zambia, Zambia requires the bond guarantee to be paid in US dollar ($) and yet the refunds are given in the Zambian kwacha. In the DRC French speakers also pay less duty than non-French speakers, hence Zimbabwe suffer discrimination in DRC. In Mozambique any wine consignment should be exported by police or risk paying a fine of US$30. The administration of this policy is confusing since it is not clear at what point the police should escort the wine and who they should report to. All goods exported to Malawi have to be inspected with the authorisation of Intertech Testing Services (ITS) whose head office is in South Africa. This process has many bureaucratic delays which make it very difficult to export perishables to Malawi. Zimbabwean products generally face freight forwarding constraints regionally and internationally. The freight charges are very high for a country which is faced with acute foreign currency and fuel shortages. This has resulted in some shipments not being lifted on time. This is exacerbated by poor transport infrastructure in the Southern and Eastern region which are mainly used by Zimbabwe to export its products.

Faced with such protectionism in the global market, developing countries should consider strengthening and improving regional integration. It is very clear that colonial legacy makes trading with the North the only profitable option. If Africans are to take stock of the domestic market first, they should surely find a ready market with fewer complexities meant to shut them out. A South-South dialogue should enhance this option. Product value addition will counter the effects of tariff escalation, which is adversely affecting developing countries’ products since they are major raw material producers. Investment in technology advancement should be given high priority by Third World governments.
Regionally owned processing plants will reduce procurement and maintenance costs. Developing countries have to graduate from forming symbolic institutions such as Standards Associations with no idea of implementing and monitoring international standards. This involves developing mechanisms to prevent state sponsored dumping activities in developing countries.

One can conclude that protectionism is a major hindrance to developing countries’ market access. There cannot be any meaningful benefits to developing countries as long as developed countries continue with protectionist policies mentioned in this section. Market access barriers imposed amongst developing countries have a lesser impact as compared to those imposed by developed countries since the bulk of the trade is still largely with the North. This is not withstanding that non-tariff barriers imposed by Developing countries should also be removed in order to remove distortions to trade. The WTO should not be used as a forum to institutionalize protectionism. Protectionism substantially disadvantages the poor who are unable to retaliate against powerful forces. The betterment of the livelihoods of the poor countries, families, women and children should be considered in the WTO negotiations as it seeks to further fair and free trade.

**4.5 Export Subsidies**

The Agreement on Agriculture stipulated that export subsidies should be reduced by 36% over six years. Developing countries are required to reduce the value of direct export subsidies to two thirds (2/3) of the developed countries commitments in a period of 10 years (1995 – 2005). What is disturbing is the fact that subsidized exports continue to depress world prices. The US and EU are the major culprits as they subsidise exports in order to increase their market share whilst producing at the cost below production cost. This creates unfair advantage over developing countries who cannot subsidise exports. The US Farm Bill endorsed by President Bush in May 2002 raised US spending on agriculture by US$73.5 billion in the next decade. The bill provides support for mainly eight crops: cotton, wheat, corn (maize), soyabean, rice, barley, oats and sorghum. It should be noted that these crops are also exported without any subsidies by Developing countries, when US is exporting maize and wheat at 20% and 46% below the cost of production respectively. Thus the problem with the WTO rules on subsidies is that
operationally it permits developed countries to retain huge export subsidies on agricultural products whilst discouraging those from the developing countries. This is because subsidies in the developed countries are higher than in developing countries. For example under the Agreement on Agriculture, the US can provide $363 million in export subsidies for wheat and flour, and the EU can provide [US] $1, 4 billion. In 1996 Chile’s entire non-traditional export programme costs [US] $126 million (UNDP, 2003). Most of the developing countries have much less capacity to provide subsidies. Experience by the East Asian economies- Singapore, Malaysia, Taiwan, Korea and Taiwan actually show that subsidies are a crucial tool for transformation for low-income countries at their early stages of development. The subsidies were used to develop new local industries. These subsidies included export credits and long-term loans with low interest rates in order to allow firms to meet export quotas. These subsidies transformed these economies to become some of the world’s leading exporters of electronics and ships. Chile, for example, instituted tax rebates to support the export of non-traditional goods that is grapes, cellulose and wine (Amsden, 1989; Helleiner, 1994; Wade, 1990).

The adoption of ESAP in 1991 led to the removal of export incentives. By 1994, export incentive measures such as the Export Revolving Fund, the Export Support Facility, Export Retention Scheme and the Inward Processing Rebate Scheme had been phased out. The government, in its notifications to the WTO, has stated that:

In accordance with Article 25.2 of the Agreement on Subsidies and Countervailing Measures and Article XVI: 1 of the GATT 1994, the Government of Zimbabwe wishes to inform that it does not grant or maintain within its territory any subsidy within the meaning of Article 1.1 of the SCM Agreement which is specific within the meaning of Article 2 of the Agreement, or which operates directly or indirectly to increase exports or reduce imports into its territory within the meaning of Article XVI:1 of the GATT 1994 (Zimbabwe Permanent Mission, 1998).

Thus according to this view, the government removed export incentives during ESAP. Consequently, Zimbabwe had no export subsidies, and thus it has nothing to implement on this commitment. The fact that the structural adjustment programmes call for removal
of subsidies in general actually shows lack of coherence in international policies since the WTO specifically divided these subsidies into categories such that most of the subsidies offered by developing countries can qualify as non-trade distorting. Zimbabwe’s major threat according to the government’s view is from overseas subsidized products which find their way into regional markets where Zimbabwe has a competitive advantage.

Despite the above claim, the Reserve Bank of Zimbabwe in its monetary policy of 2004 offered measures to support exporters. This includes the Carrot and Stick Export Retention Scheme, the 10% Free on Board, 100% retention of incremental exports. A detailed analysis of the Carrot and Stick Export Retention Scheme is offered below.

The acquittal period was going to stand as detailed in Table 4.4

**Table 4.4 Carrot and Stick Retention Scheme: 2004**

Thus with effective 1 January 2004, the carrot and stick retention–based export incentive scheme was going to operate as follows:

<table>
<thead>
<tr>
<th>CDI Acquittal Period</th>
<th>Export Proceeds Retention Levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance Payments / Prepayments</td>
<td>80%</td>
</tr>
<tr>
<td>1 – 30 days</td>
<td>70%</td>
</tr>
<tr>
<td>31 – 60 days</td>
<td>65%</td>
</tr>
<tr>
<td>61 – 90 days</td>
<td>55%</td>
</tr>
</tbody>
</table>

Source: RBZ monetary policy statement 2003
Table 4.5 Retention Scheme for Delayed Payments: 2004

Exporters with genuine reasons for delayed payments such as consignment exports were going to have the following retention scheme:

<table>
<thead>
<tr>
<th>Contract Period</th>
<th>Retention Levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>91 – 100 days</td>
<td>50%</td>
</tr>
<tr>
<td>101 – 120 days</td>
<td>40%</td>
</tr>
<tr>
<td>121 and above</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: RBZ monetary policy statement 2003

Gideon Gono, the Reserve Bank Governor of Zimbabwe, introduced the Carrot and Stick Export Retention Scheme with effect from 1 January 2004. This was introduced in order to incentivise exporters to fully repatriate their earnings into the country. Thus from the onset it is clear that this export incentive was not meant to benefit Zimbabwean farmers but the Government of Zimbabwe. The GoZ is in dire need of foreign currency and it is therefore implementing some measures in order to speed up foreign currency repatriation. The RBZ hopes that this export incentive scheme will reward exporters on the basis of the acquittal period. Exporters who would declare their earnings or repatriate their foreign exchange within the shortest period would be as slowed to retain more foreign currency for their own use than those who take their time or are inefficient when it comes to their debtors control. The acquittal period currently stands as detailed below:

Table 4.6: Carrot and Stick Export Retention Scheme: ENHANCED (Excluding Horticulture: [Effective 1 November 2004]

<table>
<thead>
<tr>
<th>Form CDI, TRI, TR2, CD3 Acquittal Period (Days)</th>
<th>FCAs Retention (%)</th>
<th>Sold to RBZ @ Use (at Z$824/US$) (%)</th>
<th>Sold to (At ruling Auction rate) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepayments</td>
<td>80 (70)</td>
<td>0 (0)</td>
<td>20 (20)</td>
</tr>
<tr>
<td>1-30</td>
<td>75 (75)</td>
<td>0 (0)</td>
<td>25 (25)</td>
</tr>
<tr>
<td>31-60</td>
<td>70 (70)</td>
<td>10 (15)</td>
<td>20 (15)</td>
</tr>
<tr>
<td>61-90</td>
<td>60 (60)</td>
<td>10 (15)</td>
<td>30 (25)</td>
</tr>
</tbody>
</table>

Source: RBZ monetary policy statement 2004
### Table 4.7: Exchange Control Approved Extensions: [Effective 1 November 2004]

<table>
<thead>
<tr>
<th>Range</th>
<th>Old Retention/Surrender/Sell</th>
<th>New Level (Effective 1 November, 2004)</th>
</tr>
</thead>
<tbody>
<tr>
<td>91 – 100</td>
<td>50 (50)</td>
<td>15 (20)</td>
</tr>
<tr>
<td>101 – 120</td>
<td>40 (40)</td>
<td>20 (25)</td>
</tr>
<tr>
<td>121 and above</td>
<td>20 (20)</td>
<td>20 (25)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>55 (55)</td>
</tr>
</tbody>
</table>

Source: RBZ monetary policy statement 2004


Because of the technical barriers to trade experienced by Developing countries, most Zimbabweans are losers in such a system. The majority of exporters fall in the last range, that is the 121 and above because receiving payment for exported goods takes longer for Developing countries since their goods go through a lot of scrutiny and verification.

Exporters therefore effectively made a loss on the 55% plus 20% of their foreign currency earnings that is for the prepayments made within 121 and above days. This is because 25% of the forex was sold at Z$ 824 per 1US$ and the money was used by government. The other 55% was sold at the ruling auction rate which was then in January 2005 at Z$5600. It is a loss for exporters because on the parallel market the exchange rate is standing at +/- Z$8 500 / US$1. Because of forex shortage most exporters found themselves buying forex on the parallel market (or black market). This situation is exacerbated in agriculture by shortages of agricultural inputs, for example the country is currently facing serious shortages of fertilizer and seed. This results in commercial farmers importing the fertilizer and seed in order to remain afloat. The dual exchange rate system in Zimbabwe results in farmers being prejudiced Z$ 3 300 per US$ they sell at the auction floor. The dissatisfaction with the RBZ policy has been noticed by the inability of most exporters to discharge CD1 forms and the gross export proceeds. This could be seen by the lists of defaulting exporters which continue to be published by RBZ in the local newspapers. RBZ has however moved in to try and rescue the non compliance of the exporters by introducing the new electronic system which clearly indicates to the RBZ which exports are outstanding for remittance, as well as showing
due dates for FCA liquidation. The efficiency of this system is still to be evaluated where upon since its implementation is not yet in full swing.

One could therefore argue that Zimbabwe has no export incentive scheme for its agricultural sector. It has in fact a disincentive scheme basically because it needs foreign currency which has become a scarce commodity in this country. Foreign currency shortages inhibit most Developing countries to provide export incentives in their countries. This is why most of them are clamouring for the removal of export subsidies by Developed countries. These export subsidies are resulting in cheap food products flooding markets of the poorer countries. Lack of export incentives in Developing countries will actually destroy their farmers. This is because since, its formation, the WTO is campaigning for a reduction in tariffs which will see the increase in farm produce flooding Developing countries’ markets. Bilateral arrangements with the World Bank and IMF have introduced Poverty Reduction Strategy Papers (PRSPs) as a condition for access to international financing. These PRSPs have tariff reduction as a cornerstone.

Rangarirai Machemedze of SEATINI (July 2004) argued that as the world prices for commodities such as wheat and cotton move up and down, prevailing prices in countries with open borders must match that price. With the world price at dumping levels it means farmers in Developing countries receive prices for their crops at those levels. He argues that without government support, these farmers face bankruptcy if the prevailing price does not cover their costs. US subsidies on cotton, for example, have led to overproduction, leading to a decrease in cotton prices on the world market. As a result, cotton exporting countries in sub-Saharan Africa lost an estimated US$301m in export earnings in the 2001/02 season alone. Millions of African cotton farmers now see their livelihoods under threat (www.oxfarm.org.uk). Zimbabwe produces over 250 000 tonnes of seed cotton, yielding over 100 000 tonnes of lint. 75 % is exported and 25 % is consumed by the domestic spinning industry (see Annexure 4.3). Zimbabwe’s 200 000 small-scale farmers with an average size of 6-10 people are mainly dependent on cotton production in Zimbabwe yet international prices of cotton have fallen by over 40% since
the mid 1990s because of mainly US domestic subsidies for cotton. Britain, France and Ireland export subsidised beef to African countries such as Egypt, Ghana, DRC and South Africa. This has pushed out beef farmers in these countries due to non viability (see Annexure 4.4). This situation shows that Developing countries are not benefiting from WTO Agreements. The linkages of such factors as monetary policies, prices, alliances and power should be considered in the negotiating forums of WTO.

4.6 Domestic Support
The Agreement on Agriculture requires that domestic support on agriculture be reduced but a number of exemptions are also set out under a set of different boxes of amber, green and blue. Amber box subsidies consist of subsidies which are considered as trade distorting. Members agreed to reduce the subsidies by 20% over 6 years for developed countries and in 10 years for developing countries. This practically leaves 80% of all domestic subsidies that distort trade untouched. Green Box subsidies do not have, or have marginal trade distorting effects on production and do not have the effect of providing price support to producers. These subsidies include: investment subsidies generally available to agriculture in developing countries; subsidies for inputs (mechanization of agriculture, development of land, seed, fertilizer, irrigation, pesticides etc) in Least Developed Countries and resource poor nations; support diversification from growing illicit drugs in developing countries; general services like research, pest and disease control, training, marketing and promotion and infrastructure services; public stock holding for food security reasons. Developing countries can administer prices for this reason and the price subsidy is counted in obtaining the Aggregate Measure of Support (AMS); domestic food aid. Developing countries are allowed therefore to provide food aid to the poor. Blue box subsidies consist of direct payments under production limiting programmes on conditions that such payments are based on fixed areas or yields; such payments are made on 85% or less of the base level of production; livestock payments are made on a fixed number of herd.

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41 Aggregate Measure of Support is the total support given by a country to its agriculture. This therefore includes green, blue and amber boxes support.
There is an abuse of these boxes by developed countries who are moving subsidies from the amber box to the blue and green boxes. This is because no ceilings (cappings) were established on the subsidies. Domestic subsidies offered by developed countries are actually increasing as seen by moves, for example by USA of increasing the agricultural budget by US$18 billion annually for the next 20 years. The European Union is also arguing that it has stopped providing direct subsidies to farmers and it is now supporting their concerns such as environmental issues. This is just a way of transferring amber box issues to the blue and green boxes. Evans and Walsh (1995) notes that the EU Common Agricultural Policy accounts for about 50% of the EU total budget. As a result, some producers with comparative advantage outside this region are denied access to this market and are pushing for the removal of CAP. The EU vehemently protects CAP because it fears that its removal will result in the loss of jobs, market share and will cause instability in the agricultural sector. In 2002 Brazil filed a case against USA for its subsidisation of its domestic cotton industry, inconsistent with WTO obligations of USA. Brazil was joined by India, Argentina and Zimbabwe in the consultations. Significant price depression of Brazilian cotton and an increase of USA world share of the upland cotton market has been cited as negatively affecting these less industrialized countries. Western and Central African economies, notably Gambia, Ivory Coast, Chad, Liberia, Guinea-Bissau, Benin, Burkina Faso, Central Africa Republic and Cameroon rely on the exports of cotton. Subsidies provided by both EU and US depress the world price of cotton.

Medicine Masiiwa (2002:26) argues that one of the effects of the removal of subsidies is that it gives comparative advantage to food exporters as their goods face a relatively fair level playing field. He argues that this is an opportunity for Africa to increase its revenue. These liberalization measures also have negative impacts. Food prices will increase as a result of lack of subsidies and thus becoming too expensive for people. He also observes that a new brand of comparative advantage is created, as a net food importing country will prefer to import food from a country that produces the food more cheaply. Masiiwa notes that the net food importers thus face a risk of becoming perpetual importers with no incentive to produce their own food. Zimbabwe is fast becoming a net food importer. A
survey carried out by this study shows that Zimbabwean supermarkets are flooded with imported food products particularly from South Africa. Table 4.8 shows some food products being imported by Zimbabwe.

**Table 4.8: Imported food products 2004**

<table>
<thead>
<tr>
<th>Food product</th>
<th>Country of origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Esko Dried Noodles</td>
<td>Mauritius</td>
</tr>
<tr>
<td>Pasta Di Semola Spagetti</td>
<td>South Africa</td>
</tr>
<tr>
<td>Nescafe</td>
<td>South Africa</td>
</tr>
<tr>
<td>Maltabella Malted Porridge</td>
<td>South Africa</td>
</tr>
<tr>
<td>Pepsi Drink</td>
<td>Namibia</td>
</tr>
<tr>
<td>Ceres Drink</td>
<td>South Africa</td>
</tr>
<tr>
<td>Niki Olive Oil</td>
<td>Greece</td>
</tr>
<tr>
<td>John West Tuna Fish</td>
<td>Thailand</td>
</tr>
<tr>
<td>Kellogs Rice Krisp</td>
<td>South Africa</td>
</tr>
<tr>
<td>Bokomo Strawberry crunches</td>
<td>South Africa</td>
</tr>
<tr>
<td>Hermesctas Sweetner Sugar</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Tennis Biscuits</td>
<td>South Africa</td>
</tr>
<tr>
<td>Tiffany Coconut Cream Biscuits</td>
<td>United Arab Emirates</td>
</tr>
<tr>
<td>Oriel Vanilla Biscuits</td>
<td>South Africa</td>
</tr>
<tr>
<td>Rice</td>
<td>Malawi, China, Thailand</td>
</tr>
<tr>
<td>Maize</td>
<td>South Africa</td>
</tr>
</tbody>
</table>

Source: Survey in Zimbabwe’s supermarkets, 2004

The above scenario is a clear case of uncontrolled liberalization, which is further worsening unemployment levels in Zimbabwe. There is no incentive to invest in local manufacturing since it is actually cheaper to import the items than to produce them locally. Trade deficits in food have generally increased in developing countries.
Developing countries had a net deficit of US$13 billion in 1997 (FAO, 1999). A study made by FAO in 1999 rightly concluded that while trade liberalisation led to an immediate and asymmetrical surge in food imports, 16 developing countries studied could not increase agricultural exports significantly because of protected markets and export subsidies in industrial countries. In some cases where countries were successful in raising the volumes of exports, their value fell (UNDP, 2003). It is therefore important that WTO negotiations in agriculture should focus on food-insecure developing countries instead of just bunching them as a homogeneous group.

Philippines experienced its first agricultural trade deficits since 1970s and in year 2000, six years after the Uruguay Round. Its traditional exports such as coconuts, abaca and sugar have lost markets. Its corn production reduced as it suffered from subsidised imports. This has resulted in farmers in the southern Philippines abandoning farming. Most of the farms in Philippines have been converted to agri-business or industrial business parks thus displacing many rural people from their livelihoods and employment.
It is estimated that by 1998 the agriculture sector had lost about 710,000 jobs, and by 2000 another 2 million (UNDP, 2003). The Mexican case is not different from that of the Philippines. Corn is the Mexican staple food. After signing the North American Free Trade Agreement (NAFTA) in 1994, the Mexico corn production has been affected because of the USA subsidised corn, which has flooded Mexico. Despite the fact that this corn is cheaper than the locally produced corn, the price of corn flour has remained high because of a cartel of companies which holds a monopoly on sales. Women have been greatly affected by the importation of cheap corn since they constitute a large proportion of the farm labour-force. This has forced them to migrate to cities in search of employment opportunities. Of significance is also the fast disappearance of the Mexican corn seed which can withstand infertile soils and hostile environmental factors (UNDP, ibid). Thus it can be noted that liberalisation policies affect food security and sustainable livelihoods negatively. These two aspects have gender concerns as women are mainly involved in traditional food production and men in non-traditional cash crop production. Even when women seek employment in commercial farms, their wages are very low because in most cases the farm produce from developing countries are affected by low international prices. In cases like Colombia where more than 100,000 work in greenhouses and receive better salaries, environmental and health costs are high as the flower plantations use harsh pesticides, also they lack safety equipment and flout national health and safety regulations thus resulting in a range of illness for the female workers (White, 2001).

Domestic support which has been extended to the agricultural sector in Zimbabwe include price guarantees, input subsidies, direct disbursement on capital developments, tax relief and disaster relief. Most of these categories fall under the green and blue boxes. There was an 81 percent increase in government spending on the Department of Lands and Technical Services from 1998 to 1999. This was due to the increased demand for technical services on newly acquired farms as shown in Table 4.9.
Table 4.9: Green Box expenditure 1995-1999 (US$ thousand)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Research and Specialist Services</td>
<td>5 069</td>
<td>5 607</td>
<td>5 058</td>
<td>5 192</td>
<td>3 577</td>
</tr>
<tr>
<td>Department of Lands &amp; Technical Services</td>
<td>2 902</td>
<td>971</td>
<td>1 393</td>
<td>2 488</td>
<td>4 492</td>
</tr>
<tr>
<td>Department of Agricultural, Technical &amp; Extension Services</td>
<td>131</td>
<td>99</td>
<td>109</td>
<td>191</td>
<td>163</td>
</tr>
<tr>
<td>Department of Veterinary Services</td>
<td>5 368</td>
<td>5 714</td>
<td>3 536</td>
<td>2 447</td>
<td>2 377</td>
</tr>
<tr>
<td>Total</td>
<td>13 471</td>
<td>12 393</td>
<td>10 097</td>
<td>10 319</td>
<td>10 610</td>
</tr>
</tbody>
</table>

Source: Ministry of Lands Agriculture and Rural Resettlement, Harare.

Its Land Reform Programme (LRP) that was implemented in year 2000 that requires a lot of infrastructural, technical and input support from government. Since 2004, government introduced specific supportive interventions to support the agricultural sector. This was done under the Agriculture Sector Productivity Enhancement Facility Development (ASPEF). The ASPEF facility was initially set at ZS5 trillion and was subsequently enhanced to ZS7 trillion. The additional ZS2 trillion was specifically meant for irrigation in line with the Accelerated National Irrigation Development Program. This brought the total amount available for irrigation support to ZS3 trillion. This facility was to be used for acquisition of pipes, water pumps and the purchase of centre pivots. The ASPEF facility was to be used for capital expenditure loans and other infrastructural development projects such as construction of greenhouses, irrigation expansion, beef and dairy cattle breeding, agricultural machinery and equipment and dam construction. This facility is going to expire on 30 June 2008. The loans are given at 20% concessional interest rate per annum, subject to periodic reviews. The distribution of the loans is shown in Table 4.10.
In 2004, Government made a provision of spending Z$600 billion in 2005. A total of Z$513.46 billion was to be disbursed to 2,184 farmers who planted a total of 64,121 hectares of wheat. A facility of Z$150 billion was to be put in place to support the production of tobacco seedlings and land preparations in order to improve the country’s foreign currency earnings. These disbursements were to be made through the Agribank and Tobacco Industry and Marketing Board (TIMB). These institutions have been accused by farmers for lacking transparency in the disbursements of such funds, some of which are alleged to have been received by political heavy weights leaving the poor majority of farmers without any loans to access, hence the major decline of farm produce during this period. In a bid to ensure food security for the country, a facility of Z$1 trillion was put in place to support A1 and communal farmers with seeds and fertilizer for the growing of maize and sorghum. The inputs were distributed through GMB and loans were to be recovered when outputs are sold at GMB. It should be noted that since the
Land reform program was instituted, GMB has failed to recover these loans from farmers because of drought, which has been persistent throughout these years (2000 to 2004).

In 2004 the government made a provision to award tobacco a support exchange rate of Z$17 500/ US$ which was to replace Z$5000/kg support paid to tobacco growers at the auction floors in 2005. The support price for cotton was to be increased in 2005 to Z$5000/ kg, from Z$3500/kg. Exporters were to be provided with a special borrowing facility of 5% in order to promote exports (Reserve Bank of Zimbabwe, 2004). These policies whilst they may seem as supporting the farmers, they are in real terms not adding any profits because of the high rate of inflation.

In 2004 the government made a provision of Z$300 billion facility to be disbursed in 2005 for the Dairy industry, to enhance the capacity of milk production, restocking the dairy herd, acquisition of special transport vehicles, training upcoming milk producers on issues of preservation and handling of milk to avoid losses and contamination. A Z$500 billion facility was set aside for the restocking programmes, including infrastructure repairs such as paddock assembly, fencing and dip-tank construction. Z$300 billion was allocated for pig production, eggs and chicken. A fund was also set up by government to ensure increased and consistent supply of fruit and vegetables through irrigation rehabilitation, developing marketing zones for fruit and vegetables and financing of potato seed production. Soya beans and other raw materials required in the production were also given a facility to ensure sufficient supply (Reserve Bank of Zimbabwe, 2004). Most of these subsidies fall under the Green box and do not distort trade. Given the big magnitude of support, they actually reflect that Zimbabwe’s agriculture is undergoing a land reform exercise in which the poor majority took over the farmers and they require a lot of financial support from government. Unfortunately, this domestic support has been flout with a lot of abuses of the funds as the new farmers redirect the funds to other activities such as estate and money markets investments where immediate profits are realised. The high inflationary environment exacerbates this situation.
An interview with the Chief Agricultural Economist in the Ministry of Agriculture revealed that there are no subsidies in Zimbabwe. The officer’s arguments are supported by several factors. Maize and wheat have controlled prices and the prices are below the cost of production. Even in cases where farmers get inputs from Grain Marketing Board, there is still no subsidisation since the pricing model takes into consideration the inputs given. The inputs, which are given, are regarded as a loan and will be subtracted from their proceeds. This official also revealed that Zimbabwe is clamouring for the removal of subsidies for agricultural products since this amounts to unfair trading practices. Several countries including Kenya have proposed that all domestic support be collapsed into one ‘General Subsidies Box’. A common level of support should be allowed and anything above this level should be ‘actionable’ for developed countries. India advocates that direct payments should be included in non-product-specific Aggregate Measure of Support. ASEAN members like Brunei, Indonesia, Malaysia, Myanmar, Philippines, Singapore and Thailand have called for the reduction and eventual elimination of the Amber Box policies. Many countries want the Blue Box to be disciplined as the Amber Box with a view to its eventual elimination. The ASEAN Group, Mexico and Cairns Group supported this proposal. However the EU, Japan, Korea and Norway insisted that this box should be maintained since it could be used to convert trade-distorting to minimal-trade distorting support (Mangeni, 2001).

Notwithstanding the arguments submitted above, like any Third World Country (TWC), Zimbabwe’s subsidies cannot in anyway be compared to Organization for Economic Corporation (OECD) member states. The European Union is currently paying over 10 billion euros to its farmers either as direct support or green box payments. What seems to be required is total elimination of subsidies offered by developed countries. Their farmers have been subsidised for a very long time and they should face the open competition. Developing countries should continue and even start subsidising their farmers until they reach the maturity stage of development. The Development box that is being supported by developing countries is therefore regarded as a move in the right direction. This box

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42 The Cairns Group consist of Argentina, Australia, Canada, Chile, Colombia, Costa Rica, Fiji, Guatemala, Indonesia, New Zealand, Paraguay, Philippines, South Africa, Thailand and Uruguay.
aims at protecting and enhancing the food production capacity of developing countries particularly in staples; safeguard employment opportunities for the rural poor; and protect small farmers from cheap imports. The latter objective in particular should be implemented because if these farmers are not supported by Government, their production levels will remain low and will force the Government to continue importing food stuffs as is the case in Zimbabwe. This also calls for infrastructural development or else tomatoes will continue to rot on the fields without being harvested or transported or even processed.

4.7 Conclusion
The above analysis shows that the Agreement on Agriculture is very important for the livelihoods in developing countries. More than 70% of livelihoods in Zimbabwe are affected by this agreement. Zimbabwe, which has become a net food importing country because of persistent drought and the land reform programme, is subject to receiving subsidised products from the North. This is because the Agreement on Agriculture places a lot of emphasis on market access, yet the North is permitted to retain a large proportion of their subsidies through the categorisation of these subsidies into different boxes. Whether using blue, green or amber boxes, the North can manipulate their subsidies such that they will appear to be non-trade distorting. There is therefore the need to tighten the criteria for these boxes. Because of lack of resources, most of these developing countries will not take the culprits to the Dispute Settlement Body anyway. This study advocates for the creation of a development box as proposed by many developing countries. This box should allow the adoption of policies that will ensure higher incomes, increased agricultural productivity and reduce vulnerability to price fluctuations. This box will allow developing countries to ensure food security, promote rural development, protect small farmers and increase employment.

Most Zimbabweans are threatened by malnutrition since a lot of food products are being imported and they are out of reach for a majority of them. The government itself is failing to import adequate supplies of maize and wheat because of foreign currency shortages. From this perspective, it is clear that the Agreement on Agriculture should allow
developing countries to use subsidies to ensure food security. Zimbabwe has notably since 2004 offered loans at concessional rates to its farmers. If this money was being used productively in agriculture, it could result in sustainable development. Unfortunately, the Zimbabwean economic crisis has forced some of these debtors to invest the money in non-agricultural concerns where returns are very high in the short-term. Lack of self-sufficiency in agriculture has resulted in more than 70% unemployment level in Zimbabwe. It should however be noted that this unemployment rate was also increased by the land reform programme because a large commercial farmer would employ an average of 400 workers yet the subdivision of some farms into 6 hectare plots resulted in the employment of an average of one person per plot since family labour is relied upon.

Subsidies offered by the GoZ are far from adequate because of financial constraints. This problem applies to most developing countries which are low-income earners. This leaves the majority of farmers unsubsidised, including the rural poor. This analysis therefore calls for total elimination of export subsidies and domestic subsidies for all developed countries.

This study reveals that the AoA is based on unfairness yet it is supposed to ensure fairness in international trade. It interferes with domestic policy through clauses in the AoA yet agriculture is a subsystem of national constitutions. The AoA is blocking sustainable agriculture and food security objectives. Decision making power is taken away from the local authorities to the international community. The AoA therefore violates the principle of sovereignty as locals are left with little control of their livelihoods, which are mapped in Geneva.

Zimbabwe like many developing countries exports unrefined agricultural products. These are subject to high tariff peaks and tariff escalation. It is important that future negotiations focus on reducing the tariffs that are of interests to developing countries. There are however proposals which have been submitted to the Committee on Agriculture. Some developing countries are proposing the use of the ‘Swiss formula’, that was used during the Tokyo Round, and which would result in disproportionate cuts on higher tariffs. Another proposal is to reduce tariffs on all products to a certain level for
instance, by 30% over a five-year period. Other proposals call for reduction in tariffs for goods of interests to developing countries, with maximum tariffs of 12 per cent. It is important to note that there are no agreements regarding which formula to use but this study recommends that the reduction of tariff peaks and escalation should not use a universal approach, but a formula that will result in substantive reductions of these variables as they are applied by developed countries. The development box will therefore foster trade and human development in the global trade regime.

Non-tariff barriers continue to distort trade to the disadvantage of developing countries. The Agreement on Agriculture should improve focus on the elimination of these barriers. This study showed that developing countries are also applying the non-tariff barriers even to their counterparts in different regional trade configurations. This not only hinders the effective adoption of a South-South co-operation, but when the same policies are applied by developed countries they have a greater impact because of the magnitude of trade involved between the North and the South. As a way of dealing with some of the non-trade barriers identified in this study a number of proposals are made. WTO members should put a web page which details critical trade information to allow for quick access to information on trade, standards and procedures by exporters and importers. Customs authorities should be multilingual so that trade language does not become a barrier to trade. Members should also develop their information technology so that any customs processing is quickly processed on-line. It is important that bond guarantees for goods in transit be made in hard currency. Since Sanitary and Phytosanitary measures are supported by health standards, it is important for members to apply them genuinely without an intention of converting them to non-tariff barriers.

This study shows that whilst international agreement can affect domestic policies the inverse is true. Political, social and economic policies can affect implementation of the agreements such that an evaluation of the relationship can be very difficult. This study revealed that when the AoA was signed, Zimbabwe had implemented structural adjustment programmes, which already had more negative effects on the society than positive ones. Government authorities seem to have no zeal in implementing further trade
liberalisation policies as required under the WTO. Hence the existence of many policy reversals from the late 1990s to date. These included price controls and ministerial directives restricting or banning imports and exports of certain products. The land reform policy of 2000 had a significant impact on the performance of the economy. This is particularly because of the international community, which strongly criticised this policy, and smart sanctions were imposed on Zimbabwe. This has affected the performance of exports as alternative markets in the East are being sought since Zimbabwe’s products are shunned in the North generally. Subsidies that are being provided by government cannot be fundamentally viewed in relation to the Agreement on Agriculture but as enhancing Zimbabwe’s land reform policy. Government energy on agricultural policies is aimed at ensuring the success of its land reform process against what the international community may wish for such a programme which they consider as largely being implemented against human rights and the rule of law (international). It is important to note that the same international community which is against the land reform programme is the same that Zimbabwe negotiates with at WTO. This largely compromises the effectiveness of its contributions. One can therefore conclude that the implications of the Agreement on Agriculture on WTO members are not homogeneous. It depends on such variables as the size of the country, the level of overall development, balance of payments position, realistic future outlook for agricultural development and the structure of land holdings. Reforms in the international trading system should take into account different structural constraints among developing countries. The next Chapter discusses the impact of the Agreement on Trade Related Aspects of Intellectual Property Rights on Zimbabwe.
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CHAPTER FIVE: The Agreement on Trade Related Aspects of Intellectual Property Rights

5.1 Introduction
This Chapter gives an in-depth analysis of how the Agreement on Trade Related Aspects of Intellectual Property Rights can affect Zimbabwe. Its impact on the Zimbabwean sculptor, traditional medicines and pharmaceutical drugs is highlighted in this chapter. During the Uruguay Round (1984-94), members of the Uruguay Round who established the World Trade Organisation, concluded the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) (see Annexure 5.1). The TRIPS Agreement was established in order “---to reduce distortions and impediments to international trade, and taking into account the need to promote effective and adequate protection of intellectual property rights, and to ensure that measures and procedures do not themselves become barriers to trade” (World Trade Organisation 1994). According to Fink and Maskus (2005), these policy reforms were driven by two related forces. The first one is the emergency of new technologies such as computer software and biotechnology inventions. The internet for example has posed serious challenges to entertainment industries and to the printing and publishing industries. Secondly is the process of economic globalisation which has enabled intellectual property to cross international boundaries more easily. This has led governments to raise intellectual property rights (IPR) protection as a key negotiating issue in international trade agreements. In view of this background, this Chapter seeks to examine some of the provisions of the TRIPS Agreement and their application to the Zimbabwean Community. The working hypothesis of this Chapter is that the TRIPS Agreement will not in itself result in sustainable development to most developing countries. This Chapter reveals the infancy of developing countries in handling such high-level compliance to WTO Agreements. In the TRIPS Agreement, developing countries are an unequal partner to developed countries. The importance of preserving national heritage from the copycats abroad and within is highlighted in this Chapter. The challenge facing African countries to take opportunities offered by globalisation and at the same time push for measures that mitigate negative effects on its people in the WTO e.g. the unfair provisions of TRIPS are discussed.
According to the World Intellectual Property Organisation (2004), intellectual property refers to creations of the mind: inventions, literary and artistic works, and symbols, names, and images used in commerce. Intellectual property rights can be defined as the rights given to people over the creations of their minds. They usually give the creator an exclusive right over the use of own creations for a certain period of time. Intellectual property rights are traditionally divided into two main categories: Copyright and rights related to copyright: i.e. rights granted to authors of literary and artistic works, and the rights of performers, producers of phonograms and broadcasting organisations. The main purpose for protection of copyright and related rights is to encourage and reward creative work. Industrial property: This includes (i) the protection of distinctive signs such as trademarks and geographical indications, and (ii) industrial property protected primarily to stimulate innovation, design and the creation of technology. In this category fall inventions (protected by patents), industrial designs and trade secrets. For the purposes of the TRIPS Agreement, “intellectual property” refers to:

... all categories of intellectual property that are the subject of Sections 1 through 7 of Part II of the agreement (Article 1:2). This includes copyright and related rights, trademarks, geographical indications, industrial designs, patents, integrated circuit layout-designs and protection of undisclosed information (www.wto.org/trips).

The agreement allows countries at different periods of time to delay applying its provisions. These delays define the transition from before the agreement came into force (before 1 January 1995) until it is applied in member countries. The main transition periods are:

Developed countries were granted a transition period of one year following the entry into force of the WTO Agreement, i.e. until 1 January 1996. Developing countries were allowed a further period of four years (i.e. to 1 January 2000) to apply the provisions of the agreement other than Articles 3, 4 and 5 which deal with general principles such as non-discrimination. Transition economies, i.e. members in the process of transformation from centrally-planned into market economies, could also benefit from the same delay (also until 1 January 2000) if they met certain additional conditions. Least-developed countries are granted a longer transition period of a total of eleven years (until 1 January
2006), with the possibility of an extension. For pharmaceutical patents, this has been extended to 1 January 2016, under a decision taken by ministers at the Fourth Ministerial Conference in November 2001 (www.wto.org: 2004).

The WTO in relation to the TRIPS Agreement works in liaison with the World Intellectual Property Organization (WIPO) which was established by a convention of 14 July 1967, which entered into force in 1970. It has been a specialised agency of the United Nations since 1974, and administers a number of international unions or treaties in the area of intellectual property, such as the Paris and Berne Conventions. WIPO’s objectives are to promote intellectual property protection world wide through cooperation among states and, where appropriate, in collaboration with any other international organisations. WIPO also aims to ensure administrative cooperation among the intellectual property unions created by the Paris and Berne Conventions and sub-treaties concluded by the members of the Paris Union. The administration of the unions created under the various conventions is centralised through the WIPO secretariat, the “International Bureau”. The International Bureau also maintains international registration services in the field of patents, trademarks, industrial designs and appellations of origin. WIPO also undertakes development cooperation for developing countries through advice, training and furnishing of documents (www.wipo.int).

Mushita T. A (2002) gives a general critic of the TRIPS Agreement. Discussing on how the Agreement affects SADC, Mushita notes that the TRIPS Agreement imposes strict restrictions on the right of developing countries to provide health care to their peoples, develop pharmaceutical industries and secure drugs at affordable prices to the majority of the populace. He points out that this agreement blocks an attempt on technology transfer from the developed to developing countries and does not avail any protection of the cultural heritage nor the genetic account of these countries in the face of multinationals. The TRIPS Agreement as noted by Yash Tandon (2002) promotes goods or commodities that contain a higher proportion of invention and design in their value. As intellectual property rights become more important in international trade, tensions have increased across the globe in international economic relations. Developed countries therefore
greatly influence the pace of development in Developing countries. This system considerably strengthens the system of private patenting of intellectual property. Developing countries which have long relied on traditional knowledge are loosing out in the process. For example, a US Multi-National Corporation, Monsato, patented in 1999 a seed produced from genetic material from Jasmine rice developed in Nicaragua and Basmati rice developed in India. A US pharmaceutical company stands to make millions of dollars from the anti-coagulant it developed from the tikluba plant which has been used by indigeneous people in the Amazon (Govan, 2000:80). The North, being more advanced in information and technology are ahead of the South in terms of knowing what the TRIPS is all about and are fast registering their inventions. The cases of Zimbabwean sculptor, traditional medicines and pharmaceutical drugs will illustrate this point.

5.2 Zimbabwean sculptor

Of late, there have been cases involving some so called “unscrupulous sculptors” allegedly copying the works of obscure apprentice artists and claiming credit for the artefacts. However the questions that one would pose are that: Do these so called “unscrupulous” artists know whether a certain piece of artefact has been registered or not?; Are the well-established artists not taking advantage of their well-established background to exploit and claim rights on a piece of work without really having such rights given the fact that these young artists do not have the money to pursue the court cases; What role is being played by galleries in trying to protect the property rights of these artists or whether it is the prerogative of the artists to protect their own work? ; Is it really fair to call someone “unscrupulous” given the fact that no piece of sculptor can ever be the same with another? These are among many questions that this section seeks to unveil but before these issues are analysed, it is critical to give a brief account of Zimbabwean sculpture.

Historically, sculpture in Zimbabwe is believed to have been just a hobby to make gifts or to express sentiments to the gods. As a result there has been a constant attachment of sculpture to the spiritual world. Women traditionally had monopoly of the art of making clay pots which were of domestic and spiritual use. Therefore, art has always been a part
of the traditional living of the Zimbabwean people. The historical Zimbabwe bird and the Great Zimbabwe are manifestations of the artistic nature of the ancient Zimbabweans. The commercial stone sculpture of Zimbabwe, believed to have dated back up to 1956 is one of the best artistic features of Southern Africa. The Zimbabwean sculpture has no direct origin from Zimbabwe and is not directly derived from any recognisable indigenous tradition of art or object making. Winter-Irving (1991:29) observes that, the sculptors of Zimbabwe are of a regional origin that dates back to the labour movements of the 1960s when thousands of workers moved en masse such as the Chewa and the Yao from Malawi, the Mbunda of Angola as well as the people from Mozambique and Zambia.

Commercial sculpture is believed to have started at the initiative of Mr Tom Blomefield, a renowned artist whose attention was caught by the artistic brilliance of Joram Mariga who by then was at the National Gallery Workshop School. This school was set up by Frank McEwen who after having arrived from Europe was horrified at the suppression of Shona art by the colonial regime. The importance of Frank McEwen to stone sculpture in Zimbabwe lies also in his credentials in the European art world through which he was able to establish the sculpture as an art form which could take its place among the best European art and was accorded similar prestige (Winter-Irving 1991:8). Sculpture was encouraged by these mentors as a means of employment during the economic sanctions that had been imposed on Rhodesia by the international community in 1965. As a result, there was a shift from airport art (when artists make pieces to be sold to tourists) to proper art which managed to attract international attention. The first placements of Zimbabwean art are believed to have been at exhibitions at the Muss’ee d Art in Paris and Muss’ee Rodin in 1971 and 1972 and the Museum for Morden Art in 1969 set the pace for the present day seriousness and quality in Zimbabwean art.

The stone sculpture in Zimbabwe has raised many issues especially the ownership whether it is an art owned by the community or the artist himself. There is a heated debate on whether Zimbabwean art is originally Zimbabwean since as mentioned above,
it is of a wide background because of the Wanela\textsuperscript{43} and Rhodesia labour movements in the 1960s. The use of the word “Shona” sculpture has been contested in that it restricts Zimbabwean art as belonging to the Shona only. The term “Shona” implies a collective societal and cultural allegiance such that some scholars use this as an argument that no one should claim rights over any piece of art that is linked to any of the Zimbabwean national traditional artistic pieces. For example, no one may have a right over the Zimbabwe Bird because it is an emblem of national significance and origin. Thus in this sense, Zimbabwean art is rather communal as opposed to a private creation. As a result of the debate on the use of “Shona” as reference to all sculpture in Zimbabwe, the National Gallery passed Resolution 7 of 1984 which recommends “the name “Shona Sculptor” should be dropped forthwith and a more unifying terminology adopted without obscuring the identity of the work involved.” This was an attempt to remove that tag of communal ownership, which still exists on local sculptor.

Another dimension to the Zimbabwean art is the spiritual aspect on which many artists claim is the origin of their works. As a result, much sculpture is derived from beliefs, which are articulated through myth and folklore. For example, if one makes a sculpture depicting a mermaid (njuzu) the artist can not claim creation rights to that piece because the njuzu concept is derived from folklore. Both myth and folklore are part of the rich oral history of the societies represented by the sculptor. Some artists especially the Shona feel that there is always a constant spiritual presence within the stone and that the stone has strong historical association with the country’s roots. Some feel that a stone must be respected because there is a spiritual force which guides them through the work. It therefore makes sense that with such anthropological manifestations of sculptor, spiritual forces are community forces which own the community hence no one can claim the sculpture except the Vadzimu\textsuperscript{44} who in some folklore have shaped stones to bring out shapes. Winter-Irving also observes that in Shona sculpture, the spirit world is usually represented in terms of its effect upon the natural world and represented in ethnographic terms. One can observe that the controversies arising on the ownership of Zimbabwean art

\textsuperscript{43} Wanela refers to South African mines, where labour migrated to, from mostly Southern African states including Zimbabwe.

\textsuperscript{44} Vadzimu is a Shona word which means traditional spirits.
sculpture is based on the spiritual and historical roots and the mixed origins of tribes now residing in Zimbabwe. This is the reason why there are controversies in claiming ownership over traditional sculpture.

William Thomas first coined the term folklore in 1846. He referred to folklore in his letter to the Athenaeum to replace “popular antiquities’ and ‘popular literature’. WIPO (2002) notes that according to many scholars, all elements of learning that are passed through an oral tradition from generation to generation in a society belong to the domain of folklore. However Alan Dundes as observed by WIPO (ibid : 7), rightly states that “Since materials other than folklore are also morally transmitted, the criterion of oral transmission by itself is not sufficient to distinguish folklore from non-folklore. WIPO (ibid :8) also notes that folklore is the product of human creativity, creation of people who live in a particular geographical area, sharing the same language, culture, mechanism of livelihood and living conditions. The lifestyles and traditions of the folklore are characterised by a common identity. Folklore is the product of creative ideas of the people who express such creativity through verbal, artistic or material forms, and this in turn is transmitted orally or in written form through some other medium from one generation to another, belonging to a literate or non-literate society, tribal or non tribal, rural or urban people. Given this conceptual framework, it is therefore important to know that even though Zimbabwean sculpture may be considered as folklore, there is the creation by human mind, which makes it suitable to be classified under intellectual property.

One of the most common practices in the arts industry is mentoring whereby a certain renowned artist teaches a young sculptor how to go about it in creating a piece of art. At the end one gets to observe that an artist taught by Dominic Benhura or Nicholas Mukomberanwa produces artefacts almost similar to their mentor. The products will therefore be of contention on the issue of rights over the piece. Glen Tondhlana, a leading Harare based artist said “Sometimes it was inevitable for a protégé to follow his master's style.” He admitted to a lot of copying going on. He emphasised that what should be

45 These are some of the renowned Zimbabwean artists.
borne in mind, however, is that there is a difference between a young artist who continues to use the style that he learnt from a more senior artist and one who copies the work of an artist he has never met or worked with. Tendai Mandisodza who worked for years under a leading local sculptor, argue that “Most of us aspiring artists start off as assistants working under established artists in order to gain experience, and it is common that when an assistant creates a good piece the experienced sculptors take advantage and claim credit for the work. Wellington Karuru, an artist based in Hatfield, Harare, also observes: "Established artists are copying our work. As young artists we usually do not have enough money to buy large stones to carve so we often make small figures. These established artists may admire the small pieces that we make and later go and make bigger pieces copying our ideas. That is our disadvantage. We wish there was a way to stop this practice." There is indeed a way to stop this practice but it seems these young artists do not know how to go about registering their work.

According to F. Zindi of the University of Zimbabwe, it is quite straightforward and easy to register one’s piece of work. One can deposit their artistic piece in a bank for safekeeping or can register at any post office and the receipts they receive can be retained as proof of registration. The Zimbabwean Copyright Act, if passed seeks to also aid artists or any other inventors to legally protect their work. It is also through the same Act that artists may receive royalties for their work. Having seen the easiness with which one can register own work, one expects all artists to have their pieces registered but this is not the case.

Young artists are accusing the well-established artists of taking advantage of their senior position to cheat them for their pieces of work. The young artists are left in a vulnerable position not to contest the rights to their work as they are seeking opportunities to expand their abilities and talents. For example, it will be difficult for an artist working with Benhura to contest ownership of the work because of Benhura’s seniority in the industry. It therefore seems there is widespread cheating by the well-established artists on the young artists. Meanwhile Newman Chiadzwa, a curator and artist, has come to the rescue of young artists being ripped off by established sculptors. He comments that
"I have personally witnessed one-man exhibitions in the United States and Europe where sculptures by various young artists are displayed bearing names of established artists. This is exploitation and I am dedicating my time and resources to help those underprivileged but talented artists to fight this exploitation as they are being ripped off. I am now making space available for young sculptors in my gallery and I also help them to market their work abroad” (The Zimbabwe Situation, 2002). However, one wonders, also whether Chiadzwa is doing this on a voluntary basis or on business lines since like they say, everyone is looking for something. It is not surprising to note that Chiadzwa is also the man, who was embroiled in the court case of selling fake Dominic Benhura’s artefacts. The artefacts were valued at about Z$1 375 000. Chiadzwa and Taurayi Chimba had been accused of selling fake sculptures purporting that they were made by world-acclaimed sculptor Dominic Benhura. They were accused of having knowingly inscribed Benhura's name on the fake pieces before selling them to Italian art collectors, Piero Giadrossi and Mardies Munkle at an exhibition in Frankfurt, Germany (The Zimbabwe situation, 2002). This was indeed an infringement on copyrights such that one really doubts the whole idea behind helping the young artists in selling their artefacts. It therefore seems there is the dog eat dog game in the arts industry, as it is a very lucrative business such that only those with financial clout will survive.

A major problem with the intellectual property rights issue in Zimbabwe is that despite the recent growth and evolution of Zimbabwean art, the country's creative productions in music, theatre, writing, painting, sculpture and film remain 'safeguarded' by an outdated and insufficient piece of legislation, the 1967 Copyright Act. The Patents Act was also enacted in 1972. This Act has been overtaken by developments in the World Trade Organisation new regulations. This is an Act passed in Rhodesia during colonialism and has not been repealed to take cognisance of the TRIPS Agreement and developments at WIPO. Makiwa C (a sculptor) observes that, though artists have repeatedly expressed bitter misgivings towards the authorities' failure to enact legislation that would ensure effective protection of their works, their voices have remained unheeded 24 years after the country's independence from Britain (The Standard : 2004). The same problem of outdated legislation is found in most developing countries in that they are not quick to
legislate on pertinent issues such as the trade agreements, and industry protection. Zimbabwe should learn from the European countries, which have adopted protectionist tendencies by legislating on intellectual property rights. The EU has a list of 3000 products which it wants to protect. It is not surprising to see that even non EU products could be under this list\textsuperscript{46}. The problem is largely because Zimbabwe like many developing countries does not have an up to date list of what it wants to protect. This is a very disappointing issue given the fact that Zimbabwe was co-ordinating discussions on TRIPS for Africa Group since 2001. At present, much information and inventions particularly on artistic artefacts and medical/chemical inventions have already been lost to western countries who have quickly rushed to protect the “stolen works” as their own. However, the arts industry can still get something out of their works if the legislation is quickly signed and enforced.

According to F. Zindi (interviewed in 2004), the music and arts industry desperately need an internationally respected and accessible copyright act. At the moment musicians are being ripped off even by the national broadcaster, Zimbabwe Broadcasting Holdings (ZBH), which sells music videos to foreign television networks across the region without the artists' consent. This is unlike in countries like South Africa and the UK where they have independent regulatory bodies. To demonstrate the weakness of the 1967 Act, a prolific sculptor Dominic Benhura dragged an art dealer Newman Shoddies before the courts for exporting counterfeit pieces bearing his signature to European galleries in 2002. Shoddies was found guilty but walked away with a Z$400 fine. It is absurd that at present the law still provides for a four hundred dollar fine when Shoddies could have probably made millions out of the shoddy deals he performed. Thus one would choose to break the law because the cost of breaking the law is much lower than the benefits. If a new law with harsher punishment for copyright and piracy culprits was enforced it would not only protect artistic works but also add value to their careers and work. Unfortunately, as bemoaned by Mutasa J , a renowned artist "At the moment anyone can

\textsuperscript{46} Note that there is no international protection but if a product is not protected by Zimbabwean laws, a British patent holder can be allowed to sell a similar product in Zimbabwe, since it will be holding a patent certificate. This is detrimental to a country without registered patents because a country can register to apply its patents to other countries.
copy another's work knowing that they will get off with a mere fine. In sculpture all the big names have fallen victim to piracy, ask anybody: Bonnier, Agnes Nyanhongo, Eddie Mutasa, Nicholas Mukomberanwa and even myself," (The Standard : 2004).

Galleries are of great importance especially for the upcoming artists who need to establish themselves on the international market. However one gets a feeling that these galleries are rather short-changing these young artists. This is because the galleries do not in many cases act as agents for the young artists but they buy from the artists and later on sell the product to foreign markets at profitable prices. In all cases galleries do not represent the artists interests but are also there to make money. According to a sculptor at Chapungu gallery, it is up to the artist to protect his/her own work for it will be in the interest of his/her reputation to do so. Galleries do play a very menial role in the case of intellectual rights infringement. He further highlighted that in most cases, as an artist gets more well established, that’s when they get to be fussy about copyrights. In other words, younger artists are just interested in getting money for day-to-day survival. The young artist are just concerned about physiological needs as opposed to the dive towards self actualization as noted by the Maslow needs hierarchy. The well-established artists have the money to buy not only large stones but also to pursue court cases yet young artists have survival as a priority. However resident artists on galleries are given private ground to work on so as to try and avoid copying each other. The sculptor notes that the copycat accusations among the artists usually resurface whenever an artist is selling more than his colleagues giving precedence to the conflict theory which states that conflicts usually arise if there is a clash on common interests especially capital.

The non-existence of any law which protects folklore is also prevalent in most developing countries. Indian Copyright Act does not contain any provisions for the protection of folklore or expression of folklore. Kutty (2002) notes the commercial exploitation of folklore without compensating the communities concerned. She notes that in the music industry, there is a trend towards greater opportunity for pop music mixed with traditional music. There are also high-tech films built on folktales or folk-themes. In the handicrafts, folk art and craft are also extensively used. Manufacturing companies,
which uses cotton, silk and polyester, also use famous tribal embroideries and brocade patterns, without considering the concept of benefit-sharing with the Indian groups responsible for creation of art/craft forms. One of the biggest challenges that India faces is that there are numerous tribes in that country. In the north, there are such tribes as Lepcha, Daflas, Mikir, Naga, Khasi, Garos, Kuki and many others. The central region tribes includes Santhals, Oraons, Hos, Juang, Gonds, Baiga and Bhil. The southern tribes include the Chenchus, Todas, Kadar, Kanis and Badaga and many others (ibid 2002). It is difficult to comprehend how a benefits-sharing scheme could be implemented in such a diverse group of people, let alone to agree on the amount.

The Philippines also face the problem of intellectual property and folklore. It has 110 tribes. It has indigenous music, which uses instruments such as buzzers, clappers, scrapers, flutes, reed pipes, lutes, zithers, slit drums and jaw harps, which are uniquely Philippine. There is also basketry work, textile designs, tribal dance traditions, which is uniquely Philippine. All such folklore are subjected to commercial exploitation by western industrialists including multi-national companies. Kutty (ibid), gives an example of the ilang ilang flower, used traditionally for garlands and decoration but has been taken away by western countries to manufacture a perfume. Unlike Zimbabwe, Philippine enacted the Indigenous People’s Rights Act in 1997, which recognise, protect and promotes rights of indigenous people. This Act lay down some regulations on the right to regulate the entry of researchers and research institutions; written agreements concerning the purpose, design and expected outcome of research; the need to recognise the source of the material taken in case the information regarding the material is published; the supply of copies of research output to the communities concerned; and sharing the income derived from the research output with the community. This Act therefore clarified that folklore is community and not individually owned. A case relating to the patenting of a mat design, based on folklore traditions is before the Intellectual Property Office, to consider whether a traditional design can be patented by a designer as his own work Kutty ibid: 29). Some quotas in Philippine have however criticised the legislation for giving the communities too much power, which should infact be vested in the state.
Indonesia has almost similar problems to Philippine. It has crafts, music and dramas which are uniquely Indonesian. Some of its arts have however an influence of Chinese culture because of its close trade links. The Copyright Act in Indonesia is however not elaborated in relation to how the state actually protects folklore against use by foreigners. The 1945 Constitution of Indonesia, however states in Article 32 that “the Government shall advance the national culture of Indonesia---, the ancient and indigenous cultures--- are part of the nation’s culture.” From this constitutional provision, one can conclude that there is a vacuum in the legal framework of Indonesia to protect folklore.

There is a need for the legislators to understand the nature of business in the arts industry such that there can be a clear regulation on how artists can protect their property. However, it still remains a thorny issue whether a piece of art created by one person can be similar to another. One can conclude that the issue of intellectual property rights in Zimbabwe is mostly a battle between the young artist under instruction from the renowned artists, and the same renowned artist claiming that students are copycats. At the international trade scale, the issue is mostly about dealers who sale pieces under the pretext of them having been made by well established sculptors.

5.3 Traditional Medicines and Information
Traditional medicine in Zimbabwe is widely used by local communities to cure various diseases. The knowledge of plant traditional medicine has been passed from generation to generation, with traditional healers largely believed to use this medicine with a lot of guidance from the ancestral spirits. Medicinal plants are now being used not only by traditional healers but by pharmaceutical and scientific research. In the North, there is shift from use of synthetic medicines to herbal medicines. This has seen many of these scientists coming down to Africa to tape information on the plants used to make various traditional medicinal cocktails, without any benefits sharing being awarded to the local communities. Zimbabwe’s legislation currently lacks access laws governing indigenous
knowledge. There is therefore the need to develop patent laws or *sui generis legislation*\(^{47}\).

Traditional medicines in Zimbabwe have been recognised by the GoZ, hence promulgation of the Traditional Medical Practitioner Act in 1981. The Act established the Traditional Medical Practitioners Council, which led to the creation of Zimbabwe National Traditional Healers Association (ZINATHA). This association has a membership of more than 50,000 of which over 75% are women. These members have access to more than 5000 different types of medicinal plants (Community Technology Development Trust [CTDT], 2002). The fact that researchers from the North come to extract information from these women without compensation, actually means that they contribute to the marginalisation of women in economic development since potential income is lost in this respect. The problem with the TRIPS Agreement is that it does not recognise traditional knowledge; neither does it offer any guidance on how a *sui generis* can be developed. TRIPS only recognises rights when they are related to commercial or profit making enterprises capable of industrial application (Chitsike 2002). The Patents Act (Chapter 26:03) is also based on western methods of knowledge, recognises the individual as a producer of knowledge and not a community. According to WIPO (2002: 5), a patent is an exclusive right granted for an invention (something new and obvious), which is a product or a process that provides a new way of doing something, or offers a new technical solution to a problem. A patent provides protection for the invention to the owner for the patent. The protection is for a limited period, generally 20 years. Patent protection means that the invention cannot be commercially made, used, distributed or sold without the patent owner’s consent. Traditional medicines are generally passed from generation to generation and cannot be perceived as new and obvious yet there is human creation but that which cannot be pointed to one inventor. This poses a big challenge to a *sui generis* in that one is not clear on what is to be shared, accessed or patented.

\(^{47}\) *Sui generic legislation* is a unique form of intellectual property projections, especially designed to meet certain criteria and needs (Crucible Group, 1994).
The case of the University of Zimbabwe and the University of Lussane helps to illustrate the problem of lack of patent laws on traditional medicines in Zimbabwe and how developed countries, which are members of the WTO are exploiting the situation. The University of Zimbabwe entered into a research agreement in 1995 with the University of Lussane in Switzerland, with the objective of screening 5000 species of flora and fauna used for traditional medicines in Zimbabwe. The plant materials were to be collected by the National Botanical Gardens taxonomists, whilst the preliminary extraction was to be performed by the Department of Pharmacy at the University of Zimbabwe and the extracts would be taken in simple bioassays. Article 5(F) of this agreement stipulated that benefits of the research and product development should accrue to both universities. The Article also provided for ‘joint application for any patent filed’ and that both universities would equally enjoy the benefits of such patents. Without the knowledge of the University of Zimbabwe, the University of Lussane registered a patent for the *Swartzia madagascariensis* 48 (muchekeresi), alone and entered into a contract with Phytera, an American Company to commercially exploit the patent. The plant has proved to provide a better cure for malaria, eyesight and a foot drug. Lussane University, unilaterally apportioned 0.75% of the proceeds as a share of the University of Zimbabwe. Even though the parties concerned agreed to renegotiate the benefit-sharing formula, nothing has been done to rectify the problem. The University of Zimbabwe’s capacity to represent the traditional healers was undermined by its lack of financial resources to engage lawyers to lodge the case for international arbitration.

Bio-piracy 49 has also been going on in Chiredzi, in the lowveld area of Zimbabwe. The Chibememe Earth Healing Association (CHIEHA), from Gudo village of Chiredzi has been involved in the production of Kigela juice since year 2000. The juice is extracted from Kigelia medicinal plant. SAFIRE, a local Non Governmental Organisation (NGO) has been working with these people, in order to promote production and juice extraction. A baseline survey carried out shows that the juice can provide medicines for cancer,

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48 *Swartzia Madagascariensis* is a medical plant.
49 Bio-piracy describes the unauthorized and uncompensated extraction and use of biological materials. In essence biopiracy takes from those who have been custodians of the knowledge, innovations, technologies, systems and practices without their consent and proceed to economically benefit without acknowledging or giving back anything to the source (Mushita, 2003).
stomach pains, chest pains, tooth aches. It could also be used as a perfume and for oil production. SAFIRE donated equipment which is being used to extract juice from the plants. SAFIRE extracted about 800 litres of juice but has not given any benefits to the local community. Researchers are also accused of coming to obtain information about the juice and the plant without any benefits accruing to the Gudo community. This is the problem of not having a patent law which protects communal knowledge systems.

The case of the Tuli cattle, explained by CTDT, show that Australians are selling purebred embryos from Zimbabwe to countries in the Americas and Europe without any benefit to Zimbabwe. CTDT presents that in 1987, a joint venture between the Commonwealth Scientific and Industrial Research Organisation (CSIRO)-an Australian Government Agency- and a consortium of Australian producers (known as the Boran and Tuli Producers Consortium, collected Tuli cattle embryos in Zimbabwe and Zambia (where they are known as Boran). Calves from the embryos were found in Australia in 1990. The Tuli breed is preferred over the Australian beef because it has high fertility, low incidence of calving problems and higher survival rates, among other advantages. The Australian consortium has been selling the embryos on the Australian and world markets at a price of A$9, 500 (the Australian beef market in 1993 was worth US$2.4 billion per year. This case shows that the Plant Breeders Rights Act (1973) is outdated since it does not take into cognisance the problem of bio-piracy which stems from globalisation. This law should be revised in order to subject researchers to much more strict access and reporting requirements.

5.4 Pharmaceutical Drugs
Pharmaceutical drugs are patentable under the TRIPS agreement. The protection given to drugs may be for the product i.e. the specific molecule or the process for example the manufacturing process; the medical indication, for example effect of molecule and a combination of products, for example a fixed dose combination of 2 or more molecules (SEATIN, 2005). The TRIPS Agreement have been widely criticised for its negative effects on pharmaceutical drugs. It is argued that it makes these drugs expensive and automatically out of reach of the poor. The TRIPS Agreement does not result in
technological transfer. Large companies simply take over the manufacturing of drugs in developing countries. In Zimbabwe seventeen manufacturers are registered with Medicines Control Authority of Zimbabwe (MCAC), the locals do not own most of these companies but their shareholding structures show dominance by overseas companies (see Annexure 5.2). Local businesspersons do not have the economic muscle to go into manufacturing. This is the reason why in Zimbabwe there are a few manufacturing companies than wholesalers. Most of the wholesalers import from overseas manufacturing companies. There are one hundred and twenty two approved drug wholesalers in Zimbabwe (see Annexure 5.3). This scenario does not result in technological transfer, contrary to Articles 7, 8 and 66.2 of the TRIPS Agreement. Articles 7 and 8 of the TRIPS Agreement provide that protection and enforcement of intellectual property rights,

…should contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to balance rights and obligations.
Article 66.2 states that:

Developed country Members shall provide incentives to enterprises and institutions in their territories for the purpose of promoting and encouraging technology transfer to least-developed country Members in order to enable them to create a sound and viable technological base.

According to the General Council’s deliberations of 2000, developed countries have not provided any incentives to companies which can be noted through laws, regulations and administrative determinations as required by article 16(4) of the WTO Agreement.

On the TRIPS Agreement, the MCAZ (interviewed by the researcher) was tasked by the Ministry of Health to advise the Ministry on issues that should be taken aboard under this Agreement. The MCAZ normal business is to control the manufacturing and distribution of drugs in Zimbabwe in order to ensure public safety. The MCAZ indicated that they were delegated this work because of staff shortages within the Ministry. The MCAZ has been advising the Ministry of Justice and Legal Affairs to amend the Patents Act so as to
align it with the TRIPS Agreement. Hove, a Principal Regulatory Officer, represented the Ministry in Cancun 2003. She observed that nothing was discussed on this Agreement in Cancun since a decision had already been reached on 30 August 2003 on the outstanding issue, which deals with paragraph 6 of the Doha Declaration. This decision had to do with countries with limited or no capacity to manufacture medicines. They were given a waiver to manufacture drugs under compulsory licence, under which they could export the predominant component of the drugs, unlike the previous scenario where they could only export the less-predominant component. The export of the predominant component is however permitted, provided certain steps are followed, for example, the exports and imports should be posted on the WTO website in terms of the countries and quantities involved. These safeguards, it is believed, will ensure that medicines of this category are not re-exported. Hove believes that Zimbabwe can benefit from such an arrangement but no single country has to date (2005) utilised the decision. Developing countries argue that the notification process is cumbersome. The General Council is not satisfied with this reason since the process only involve notification not authorisation. Asked on whether Zimbabwe exports any drugs, MCAZ stated that Varichem (Zimbabwean based company) is exporting anti-retrovirals and it has also registered in South Africa, Zambia and Malawi. Varichem however indicated problems it faces from its competitors especially on pricing because of high production costs in Zimbabwe.

There are special provisions in the TRIPS Agreement which are meant to protect public health since peoples lives and quality of life depend on the use of pharmaceutical drugs. Patent laws are not respected when a product is designated for government use. The conditions are that the use will be non-commercial. A compulsory licence can also be used in order to protect public health. It is a non-voluntary licence, meaning that it is given without the authority of the patent holder. This may be issued for several reasons including national emergencies, anticompetitive practices by the patent holder, public health reasons or protection of national security interests. Zimbabwe declared a national emergency with regards to its HIV and AIDS status in a notice issued in 2002. The Declaration was issued to enable the state or persons authorised by the Minister to make use or use any patented drug, including any antiretroviral drugs, used in the treatment of
persons suffering from HIV/AIDS or related conditions and to import any generic drug used in the treatment of persons suffering from HIV/AIDS related conditions. This Declaration is supported by section 35 of the Zimbabwean Patent Act which states that:

During any period of emergency, the powers exercisable in relation to an invention by a department of the State or a person authorized by the Minister under section thirty-four shall include the power to make, use, exercise and vend the invention for any purpose which appears to the Minister necessary and or expedient … for the maintenance of supplies and services essential to life of the community; or…for securing a sufficiency of supplies and services essential to the well-being of the community, or…

Mozambique issued a compulsory licence in March 2004. The compulsory licence was issued to Pharco Mocambique Ltd for the local manufacture of the ‘triple compound’ of lamivudine, stavudine and nevirapine. The compulsory licence stated that the Triple compound should not be marketed in Mozambique by international patent owners; royalty paid to patent owners shall not exceed 2% of the total turnover of the mentioned products\(^{50}\). The compulsory licence was issued in the national interest to keep prices as low as possible.

Compulsory licence has not been used by many developing countries because developed countries who are mostly holders of patents issue sanctions against use of this provision or hostility just develops with the patent holder’s country. Hove acknowledged that Zimbabwe has not used the compulsory licence provision but government issue orders. These orders can be given by government to companies to manufacture antiretroviral drugs or import finished products. The products are used for non-commercial use and the companies are supposed to supply government. MCAZ noted that so far three companies were given the government issue orders. These are Varichem, a manufacturer; Datlabs Pvt Ltd, a manufacturer and Ohmahn, an importer. These orders would enable the companies to manufacture or supply antiretrovirals (ARVs). The study noted that only

\(^{50}\) A compulsory license may be given to any person including a private or profit enterprise. Before a compulsory license is issued attempts must be made to get a voluntary license, and these attempts must be unsuccessful. If there is a patent on the product in the importing country then adequate remuneration must be paid. If the exporting country has no patent protection laws then only the importer has to pay adequate remuneration (SEATINI, 2003:87)
one company is in fact manufacturing ARVs and other medicines, that is Varichem. It imports its raw materials mainly from India. Problems are likely to arise because India was to become TRIPS compliant in January 2005. The TRIPS Agreement gave 1 January 2000 as the entry into force of the Agreement for countries with patent regimes and 1 January 2005 for countries without a patent regime. India was only protecting the product and not the process. The possible challenge for Zimbabwe is when it wants to use new medicines when there is resistance on the current product. India may have protected the process of the product which will not allow Zimbabwe to manufacture the product unless a compulsory license is issued.

Another provision in the TRIPS Agreement which is meant to protect public health is Parallel Importation. This is the practice of importing a patented product sold in another country. The importing country may apply this provision because of price differences between a drug which a patent holder may charge in different countries. SEATINI (2003) revealed a study done by Oxfam on fluconazole in 2001 which showed that generics in Thailand were sold at US$0.29 and in India at US$0.64 compared with market prices for brand name drugs at US$10.50 in Kenya, US$27 in Guatemala and US$8.25 in South Africa. In 1997 South Africa issued an amendment to the Medicines and Related Substances Control Act No. 101 of 1965 inserting the parallel importation provision.

The MCAZ indicated that there has been collaboration within Africa and Southern Africa in relation to the TRIPS Agreement. MCAZ stated that the World Health Organisation (WHO) from about 1998 has been bringing African countries together in order to discuss the TRIPS related issues. Representatives from the Patents office, Ministry of Industry and International Trade and Ministry of Health have attended the meetings. The Africa Union has also arranged similar meetings in which a balance of accounts of Third World countries on the implementation of the TRIPS Agreement is made. On this note the study noted that Zimbabwe’s Patent Act was amended in 2002. The issue of Compulsory Licensing, Parallel Importation and Bolar Provision were incorporated in the Patent Act in order to align it with the TRIPS Agreement. The Bolar Provision allows manufacturers to develop a product and apply for registration to MCAZ. Once registered, when the
patent expires the product is on the market. Bolar provision allows generic manufacturers to produce and market their product before a patent expires. The Bolar provision has been used in Zimbabwe to register products manufactured by Varichem, CIPLA (in India) and Ranbaxy (in India). The companies have managed to register products still on patents. It is important to note that Parallel Importation has not been applied to Zimbabwe because the Medicines and Allied Substances Control Act has not been amended to give effect to this provision. On other challenges facing Zimbabwe MCAZ highlighted that lack of funding to produce or buy the medicines is the biggest challenge Zimbabwe is facing. This is because pharmaceutical drugs require a lot of money to manufacture and to carry out the research and development required. MCAZ alluded to the fact that the WHO has stringent funding conditions. Manufacturing companies require WHO prequalification certificate in order to benefit from the funds. Varichem has not yet been approved to allow companies to purchase from them such that under the Global Fund, the GoZ cannot buy from Varichem but from other companies. For Varichem to meet the WHO conditions, it has to revamp its factory, yet it does not have the forex to do so. This point shows that the TRIPS agreement brings other international organisations into play in order to effectively implement the Agreement. This situation does not change the status quo because most developing countries do not have the capacity to develop their infrastructure in order to benefit from such funding as provided under the Global Fund. Specific funds should therefore be made available from such facilities in order to enable developing countries to benefit from the TRIPS Agreement.

Prices of patented drugs have become more expensive such that the majority of Zimbabweans cannot access them. This is why sub-stepping the patents on essential drugs was necessary in Zimbabwe. According to the United Nations and the Government of Zimbabwe report of 2004, by the end of 2002, an estimate of 2.3 million people had been affected by HIV/AIDS. In 2001, ante-natal information revealed that 30.4% of the pregnant women were infected. The number of children orphaned by AIDS was estimated at around 780 000 in 2001. Of the total 240 000 children in Zimbabwe (0-14 years), 240 000 were estimated to be living with AIDS in 2002. 70% of hospital admissions in medical wards were also due to HIV/AIDS related conditions. This
increases pressure on the dilapidating Zimbabwean health infrastructure. The study estimated that reversing the spread of this pandemic was costing the government US$2 396 727 per year and the projected cost up to 2015 would be US$31 157 451. Even though this is the official figure it should be noted that most people affected or infected with the pandemic have not been able to access government provisions because of shortages of such assistance. The costs have thus been passed on to the individuals affected. The effect is seen by the big number of pharmacies in Zimbabwe. It can be estimated that there are more than 200 pharmacies in Zimbabwe as compared to 17 manufacturing companies (see Annexure 5.4 for the list of pharmacies operating in Zimbabwe). This shows that the cost of the health system in Zimbabwe is passed on to individuals affected with the disease.

Besides the HIV/AIDS pandemic, Zimbabwe has high prevalence of tuberculosis, malaria and diarrhoeal diseases. TB cases are estimated to have increased from 9,132 cases in 1990 to 100 000 cases in 2000. This is attributed to rising poverty levels, poor environments and the HIV virus. Incidences of malaria also increased from 65 per 1000 people in 1990 to 122 per 1000 in 2000, whilst diarrhoeal cases increased from 53 cases per 1000 people in 1992 to 146 per 1000 in 2000. This is attributable to lack of access to safe water and sanitation (UNDP and GoZ, 2004). All these figure point to the fact that there is an increased demand to pharmaceutical drugs in Zimbabwe. The TRIPS Agreement should thus ensure that these drugs are accessible by the public. Currently the majority of the populace cannot afford these drugs and death takes its toll.

5.5 Conclusion
Countries, world over have their national heritage and history which are captured under intellectual property rights of the WTO. Developing countries particularly in Africa have captured their history through art. There is no individualism in African sculpture in general. The art has been passed on from generation to generation, just like traditional medicines. These views are also echoed by George Payne Kahari (interviewed in 2004), a former Director of the National Art Gallery in Zimbabwe. Kahari believes that it is difficult to implement the TRIPS agreement in relation to Zimbabwean art because much
of it stems from national heritage. He however believes that one’s piece of art can never be the same with another’s art. By acknowledging this fact Kahari is in fact acknowledging that even in national heritage, credit can still be given to value addition by a sculptor.

The Doha Declaration called for a review of the TRIPS Agreement under Article 71.1 in relation to traditional knowledge and folklore. From this perspective, it is therefore important that Zimbabwe and other developing countries embark on a process identifying traditional knowledge and folklore which can be regarded as community owned. This will then help individuals to be given credit where they have created unique pieces, whilst rewarding communities in befitting cases.

Zimbabweans like other developing country societies were not aware of what the TRIPS Agreement is all about. There is therefore, the need to disseminate information on what TRIPS is all about. The Ministry of Industry and International Trade should be on the forefront of other Ministries in this process since it is the one that signed the Agreement. Unless the sculptors and communities are informed about their rights and can claim their rights, the TRIPS Agreement can be regarded as robbing the developing countries’ artist who are lagging behind as compared to the OECD artist who are rushing to register copyrights on art and patents on pharmaceutical medicines obtained from traditional medicines. The institutional set up for administering the TRIPS Agreement in Zimbabwe is not well developed. The Ministry of Justice, Legal and Parliamentary Affairs is involved in the administration of TRIPS by processing the registration of patents, copyrights and trademarks. This office has no other monitoring mechanism except relying on the computerised data. A monitoring and evaluation team should therefore be set up in order to ensure the effectiveness of the registration process. The Ministry should work hand in glove with all the galleries and other marketing agencies in the provision of individual training on the TRIPS Agreement. National funding should also be invested in such projects in order to ensure that national priorities, as defined by people’s livelihoods are properly considered.
To demarcate a time frame which developing countries should implement the TRIPS Agreement is absurd under the current situation. The issue of time frame should be scrapped from the Development Agenda in order to allow reasonable time for developing countries to develop their intellectual property infrastructure. This infrastructure includes institutional building, information technology and individual capacity building. Thus in the light of the fact that developed countries including some South East Asian countries have developed infrastructure which makes them superior in implementing TRIPS Agreement, Developing countries are therefore participating in WTO as an unequal partner. developing countries will need expertise in science and technology to manage the patent system.

In the TRIPS Agreement, developing countries are an unequal partner with developed countries. Developing countries need technical and financial assistance in order to implement the TRIPS Agreement. This assistance will be required to enable developing countries to manage and assess the value of their knowledge resources and to evaluate the performance of their IPR systems. There is need for official classification and publication of national heritage and history before anyone tries to patent it. A proper safeguard mechanism has to be put in place in order to avoid illegal commercial exploitation of the knowledge. Acknowledging the precarious position of developing countries, governments may also put in place a legal framework to enable local communities to be able to challenge any illegal commercial use of the traditional knowledge without informed consent. The system should enable them to be appropriately compensated where profits are made. The legal framework should ensure that commercial exploitation promotes sustainable development in these communities. This means that the process should make sustainable use of resources and improve livelihood for the communities. Masiiwa M (2002) points out that it is a challenge for African countries to take opportunities offered by globalisation and at the same time push for measures that mitigate negative effects on its people in WTO. For example, if an IPR system is excessive, it may create monopolies and endanger access to both producers and consumers. National competition policies should therefore compliment the TRIPS
Agreement in order to safeguard producers and consumers, for example the unfair provisions of TRIPS.

The TRIPS regime cannot be effective on its own. Complimentary policies are required not only from national governments but from other international institutions such as the World Health Organisation to ensure that developing countries develop the capacity to manufacture drugs. Specific funds should therefore be made available from such facilities as the Global Fund in order to enable developing countries to benefit from the TRIPS Agreement. The health typography in Zimbabwe shows that there is an increased demand for pharmaceutical drugs. The TRIPS Agreement should thus ensure that these drugs are accessible to the public. Currently the majority of the populace cannot afford these drugs and death takes its toll. One can therefore conclude that TRIPS Agreement is a double-edged sword with losers and winners. Developing countries are currently the losers’ majority. The next Chapter provides a conclusion and recommendations on the problem under study.
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CHAPTER SIX: CONCLUSIONS AND RECOMMENDATIONS

6.1 Overview
This Chapter provides the main conclusions and recommendations of the study. The study confirmed the hypothesis that “The World Trade Organisation does not change the status quo of the world economic order and is still exclusive rather than inclusive” and promotes marginalisation rather than integration of developing countries into “Global trade”. This study has proved that the World Trade Organisation is not a panacea for developing countries problems as shown by the Zimbabwean case study and developing countries in general.

6.2 The Multilateral Trade Structure
The socio-economic problems bedevilling developing countries emanate from the world economic structure. The structure of the WTO as discussed in this thesis actually demonstrates the domineering of developed countries, particularly the USA and the EU in the WTO structure that is the Ministerial Conference, General Council and the Secretariat. Developing countries are not adequately represented in all functions of the WTO. The structure of the WTO is largely exclusive of developing countries rather than inclusive. Developing countries’ presence is reduced to mere statistics as the WTO is referred to as a global organisation. In actual fact, it is an international organisation dominated by a few rich nations who only want to push their agendas through a somewhat legitimate means. The WTO structure does not provide a “neutral” playing field in the international trading regime. This study shows that the status quo where the international system comprises of the dominant/dependent, centre/periphery or metropolitan/satellite as prescribed by dependency theorists states has remained in place from GATT to the WTO. Developing countries, which are the dependent states, supply cheap labour, agricultural commodities, minerals and raw materials. They also serve as repositories of surplus capital, manufactured goods and obsolete technologies. This study revealed that the WTO principles are very technical and leave some strategic loopholes for those with craft competence to exploit their full advantage. The culmination of all this fiasco is in the dispute settlement system, which seems hobbessian in nature. A legal system that prescribes retaliation as a remedy is inhuman and anti-developmental. This
gives credibility to the critics who question the legality of the WTO. The WTO marginalises developing countries. Its structure is employed to marginalise the interests of the North. The current WTO rules favour the narrow business interests of the powerful economies and their large conglomerates, at the expense of poor men and women. The WTO is bound to marginalise the poor as it lacks accountability and transparency by design. Green room meetings are classic examples where decisions which will affect all livelihoods are privately made. Language is a technical barrier in the so much hailed DSB. It has a discriminatory effect to developing countries when dealing with the WTO legal text. This treaty was primarily negotiated using English language just like many other international treaties. This has been normally referred to as the ‘Americanisation of law’. Since English language was the one used in the negotiations, it means that it is the predominant language in the interpretation of WTO agreements. English, Spanish and French are the official languages in which the legal text has been translated. The DSB therefore faces cultural and linguistic challenges when interpreting the WTO law. The use of pre-dominantly English language has made it very difficult for indigenous people to understand the legal text. This poses challenges to some other languages which translate to a non-tariff barrier as most government officials fail to interpret the legal text in a manner that will easily be understood by their nationals. The Appellate Body of the DSB has resorted at times to the use of dictionaries to find the meaning such words as goods which has got various meanings. Such terms become problematic when they mean different things to countries involved in a dispute. What is disturbing about the WTO is that developing countries will remain stuck with this animal because of globalisation forces in which the North is determined to expand their markets to the South in an exploitative manner. This has resulted in the South experiencing minimal influence and maximum consequences in the world economic system. Developing countries’ markets are left open to the unfair competition from the North. This position is likely not to change in the future because this group is embodied in too many complexities including colonial legacy, bilateral relations, regional relations, national interests, selfishness, lack of funding and poor policy prioritisation.
6.3 Colonial Legacy

It is no doubt that colonial legacy contributes to the dependency syndrome that characterise relationships between the former colonial masters and their former colonies. The study shows the effect of the colonial legacy on Zimbabwe’s trade. This was elaborated on sections dealing with EU-ACP trade negotiations. Zimbabwe’s trade is linked to the North because it is a former British colony and an ally of the Eastern countries because of the liberation struggle. The majority of its trade networks therefore points towards the North. The European Union is funding the negotiators, researches, seminars including logistical arrangements which are essential in the facilitation of the negotiations. It is a clear fact that the EU is not going to negotiate with the ACP configuration as such but it is simply going to dictate the new terms of trade which is deemed WTO compatible.

6.4 Institutional Capacity

This study has shown the institutional incapacity of a developing country like Zimbabwe to handle international trade negotiations. From the above analysis one can conclude that there are structural weaknesses in the institutional framework of WTO negotiations in Zimbabwe. There are serious understaffing problems at the Zimbabwean embassy in Geneva. At most there are two trade officials dealing with WTO and other related issues. These officers are normally not trade specialists but they find themselves faced with trade complexities which they have to deal with on a daily basis. In a day there are normally not less than 5 meetings taking place in Geneva on WTO and it is not possible for these two people to be at all the meetings at the same time. Another problem confronted by these trade officials is that there is generally lack of meaningful support from the capital, in Harare. The capital has serious staffing problems and its staff lack the expertise required to deal with such complex negotiations. In most cases as shown by this study, trade officials in Geneva actually come to educate officers in the capital on the proceedings in Geneva, yet it is staff from the capital, which is supposed to develop position papers and submit them to Geneva. Without expecting much from the officers in the capital, it is important to mention the lack of enthusiasm from government departments concerning these negotiations. This was evidenced by lack of budgets to
carry significant research work to enable the negotiations to be well informed. Where the Ministry of Industry and International Trade initiated some studies, the process was heavily criticised for being artificial and leaving out the views of the populace in the research activities. Lack of funding in the dissemination of information was also witnessed by over-reliance on donor funding for all the seminars held in Zimbabwe before and after the studied Ministerial conferences. The institutional framework of negotiations in the capital also showed lack of harmony in the collaboration of WTO activities. The conflict between the Ministry of Foreign Affairs and the Ministry of Industry and International Trade is a clear example in which the issue of who controls international trade surfaces.

6.5 Political - Economic Environment

The political-economic environment in Zimbabwe during the period under study is a significant factor which affected the capital from firming up on country positions. Whilst other developing countries may have received support from their industries in the negotiations, Zimbabwe’s position on these issues was polarised by its policies towards them. As a result of the negative effects of structural adjustment programme and land reform exercise, GoZ engaged in price controls and tightening of fiscal and monetary policies to the detriment of industrialists in Zimbabwe. This resulted in bad relations developing between industry and government such that there was a lot of reluctance from the private sector to support government initiatives on WTO negotiations.

6.6 The Role of NGOs in Multilateral Trade

It is important to note that NGOs played a significant role in WTO negotiations, thus assisting most developing countries to push their positions in the various meetings. Their significant impact has been their call against introducing any new issues in the WTO like the Singapore issues, without first addressing the problems of the Uruguay Round; problems of protectionism by developed countries and the undemocratic structure of the WTO. NGOs therefore provide an important source of hope for developing countries that are exposed to social exclusion because of globalisation. From Seattle to Cancun Conferences as discussed in this study, NGOs have not been given platforms to present
their concerns. Their protests are viewed with cynicism. They are largely seen as opposing views to progress. In actual fact, most of these NGOs represent the majority of the voiceless who view globalisation as causing a lot of harm to developing countries. This study however showed that there are limitations provided by the Zimbabwe political arena in making these NGOs effective. Their space is limited currently by the mistrust between NGOs and the government over their role in influencing the community to act against government. Limited resources and expertise has also resulted in the government failure to engage its community in discussions on WTO, hence inundating the civil society with a lot of work on information dissemination. This situation has resulted in minimal feedback being obtained from the community as it grapples to understand what WTO is all about.

6.7 Preparations for Negotiations

This study established that Zimbabwe normally goes to the Ministerial conferences or General Council negotiations without any clear cut positions. Its positions on WTO issues could however be ascertained through its participation in formal and informal groupings such as the African Group, G77, G15, SADC, COMESA, which have been very vocal on its position. This study however noted that in these groups there are dominant group countries such as Brazil, India Yugoslavia and South Africa whose views normally overshadow that of other countries. An important finding of this study is the collaboration in Africa that seem to be forged by the South in their various groups. The fact that these groups presented almost similar concerns at various Ministerial Conferences makes one to question whether there are any prospects for the South-South cooperation. The South -South cooperation may be difficult to achieve because of the historical background of the South groups, most of which have their tentacles in colonial legacy. Self interests, bilateral relations and regional commitments, over-reliance on aid, implementation of neo-liberal policies are some of the issues that are likely to hinder the South-South solidarity.
6.8 Globalisation and Developing Countries

The WTO is part of the carefully crafted appendages of neo colonialism alongside IMF and the World Bank. The world economic order constitutes a stratum for the developed countries and the developing countries. The relations between the two camps are dominated by unequal levels of play. Developed countries are highly industrialised whereas most developing countries have infant and folding industries. Such a scenario results in developed countries clamouring for more markets and favourable conditions to exist in these markets. This has resulted in the promotion of liberalisation and globalisation policies by the WTO. Proponents of this organisation argue that these policies will promote international trade. They argue that protectionism is expensive since it raises prices.

Globalisation is accused of eroding sovereignty. The term sovereignty means internal governance. National policies are normally aimed at increasing economic output, increasing national employment. WTO policies like all international agreements are transmitted to the national policy making process thereby increasing additional constrains to local policy systems which are fraught with financial, technical and human resource constraints. These agreements are only adopted by members as they believe that they provide clear game rules which are needed to ensure fair trade and predictability. These policies are however limiting the political space since in developing countries in particular there is a clash with national interests. The WTO therefore limits national policy autonomy. Sovereignty therefore remains a term which is politically ideal. International economic relations has shown a lot of influence by globalisation forces on sovereignty. Its meaning is largely being eroded as terms of trade are dictated by international bodies such as the WTO which are infact dominated by developed countries. Such international bodies therefore become mouthpieces for rich countries. For developing countries, the WTO becomes a circus where their concerns are made clearer as developed countries device mechanisms of further marginalising them from the international economic order.
6.9 Co-ordination of Local Structures
The lack of co-ordinated local structures on trade prompts developed countries to take advantage of the weaker economies. The Zimbabwean case of trailers being dumped on the local market is a clear example. Zimbabwe Revenue Authority does not have any stipulated standards which they should inspect on the port of entry. The Standards Association of Zimbabwe has not laid down any standards. The ones which are there are with the Vehicle Inspection Depot which have to do with roadworthiness. Less Developed Countries therefore become victims of dumping because they do not have co-ordinated institutions to monitor such incidences. There seem to be assumptions that an activity is carried out by another institution. The problems lie with the overlapping and underling of duties. An example is the issue of tariffs. The Competition and Tariffs Commission is supposed to monitor and review the tariff regime in Zimbabwe. The tariff regime in Zimbabwe continue to be very complicated largely because of various regional and international organisations which have various tariff regimes. COMESA, SADC and WTO have various negotiations taking place in relation to tariff reductions. COMESA plans to have zero tariff by 2005 whilst SADC intends to have zero tariffs by year 2012. South Africa under its TDCA with EU intends to liberalise its tariff by 86% over 12 years.

6.10 Investment in Research
Lack of funding in research work has compromised national negotiation strategies. The impact of certain trade policies should be brought under scrutiny by national funded researchers. Economic hardships which the country continues to experience largely contribute to limited resources being availed to research activities. It is important that even before negotiations kick-off on new issues of trade and competition policy, trade facilitation, trade and investment and transparency in government procurement, that a country is well aware of the implications of adapting certain measures. What tends to happen in WTO negotiations is that developing countries are moved by mob pressure without having precise reasons on whether or not to support a policy. What developing countries are now sure of is that they cannot engage in new negotiations when they are still struggling to understand current provisions.
6.11 Ministerial Conferences

Ministerial conferences have remained more of political achievement than substantial drivers of change. This is because of the organisation of the conferences which has been marred by controversy. WTO Ministerial Conferences are undemocratic in nature. They only allow government delegations in the conference rooms, with other stakeholders to be only consulted outside these conferences. Members of the WTO argue that this process is democratic since the government delegates are mandated by their nationals. Developing countries are mostly found on the receiving end as they fail to incorporate trade experts from various sectors in their delegations. Partisanism seems to be the criteria for selecting government delegates who go for negotiations.

Negotiation periods are limited particularly for developing countries which lack most of the expertise required. For example, the Doha Development Agenda negotiations began in January 2002 and were supposed to be completed by January 2005. Three years has not been adequate to carry out such negotiations. For example, regional trading agreements negotiations are made complex as other regional trading negotiations as the EU-ACP are taking place. There are bound to be delaying tactics as the participants have dual roles. What is strenuous is the fact that they are supposed to be implementing some agreements whilst negotiating for other agreements. This is most appropriate for Developed countries which have the expertise and monitoring mechanisms.

6.12 Agreement on Trade – Related Aspects of Intellectual Property Rights

The problem with WTO agreements is that they reflect interest of developed countries. This is why one can argue that consensus agreements in the WTO are a myth. Developing countries are never prepared for the agreements they are signatories to. The TRIPS agreement was singled out to show this problem. Zimbabwe has problems in implementing the TRIPS agreement particularly on copyrights and patents since most of the products stem from national heritage. The WTO has to find means of awarding intellectual property that is natural heritage.
Countries, world over have their national heritage and history which are captured under intellectual property rights of the WTO. Developing countries particularly in Africa have captured their history through art. There is no individualism in African sculpture in general. The art has been passed on from generation to generation, just like traditional medicines. The Doha Declaration called for a review of the TRIPS Agreement under Article 71.1 in relation to traditional knowledge and folklore. From this perspective, it is therefore important that Zimbabwe and other Developing countries embark on a process of identifying traditional knowledge and folklore which can be regarded as community owned. This will then help individuals to be given credit where they have created unique pieces, whilst rewarding communities in befitting cases.

Zimbabweans like other developing countries are not aware of what TRIPS Agreement is all about. There is therefore, the need to disseminate information on what TRIPS is all about. The Ministry of Industry and International Trade should be in the forefront of other Ministries in this process since it is the one that signed the Agreement. Unless the sculptors and communities are informed about their rights and can claim their rights, the TRIPS Agreement can be regarded as robbing the Developing countries’ artist who are lagging behind as compared to the OECD artist who are rushing to register copyrights on art and patents on pharmaceutical medicines obtained from traditional medicines. The Institutional set up for administering the TRIPS Agreement in Zimbabwe is not well developed. The Ministry of Justice, Legal and Parliamentary Affairs is involved in the administration of TRIPS by processing the registration of patents, copyrights and trademarks. This office has no other monitoring mechanism except relying on the computerised data. A monitoring and evaluation team should therefore be set up in order to ensure the effectiveness of the registration process. The Ministry should work hand in glove with all the galleries and other marketing agencies in the provision of individual training on the TRIPS Agreement. National funding should also be invested in such projects in order to ensure that national priorities, as defined by people’s livelihoods are properly considered.
To demarcate a time frame which developing countries should implement the TRIPS Agreement is absurd under the current situation. The issue of time frame should be scrapped from the development agenda in order to allow reasonable time to Developing countries to develop their intellectual property infrastructure. This infrastructure includes institutional building, information technology and individual capacity building. Thus in the light of the fact that developed countries including some South East Asian countries have developed infrastructure which makes them superior in implementing TRIPS Agreement, developing countries are therefore participating in WTO as an unequal partner. Developing countries will need expertise in science and technology to manage the patent system.

In the TRIPS Agreement, developing countries are an unequal partner with Developed countries. Developing countries need technical and financial assistance in order to assist developing countries to implement the TRIPS Agreement. This assistance will be required to enable developing countries to manage, assess the value of their knowledge resources and to evaluate the performance of their IPR systems. There is need for official classification and publication of national heritage and history before anyone tries to patent it. A proper safeguard mechanism has to be put in place in order to avoid illegal commercial exploitation of the knowledge. Acknowledging the precarious position of developing countries, governments may also put in place a legal framework to enable local communities to be able to challenge any illegal commercial use of the traditional knowledge without informed consent. The system should enable them to be appropriately compensated where profits are made. The legal framework should ensure that commercial exploitation promotes sustainable development in these communities. This means that the process should make sustainable use of resources and improve livelihood for the communities. The challenge for African countries is to take opportunities offered by globalisation and at the same time push for measures that mitigate negative effects on its people in WTO. For example, if an IPR system is excessive it may create monopolies and endanger access to both producers and consumers. National competition policies should therefore compliment the TRIPS agreement in order to safeguard producers and consumers, for example the unfair provisions of TRIPS.
The TRIPS regime cannot be effective on its own. Complimentary policies are required not only from national governments but from other international institutions such as the World Health Organisation to ensure that developing countries develop the capacity to manufacture drugs. Specific funds should therefore be made available from such facilities as the Global Fund in order to enable developing countries to benefit from the TRIPS Agreement. The health typography in Zimbabwe shows that there is an increased demand for pharmaceutical drugs. The TRIPS Agreement should thus ensure that these drugs are accessible to the public. Currently the majority of the populace cannot afford these drugs and death takes its toll. One can therefore conclude that TRIPS Agreement is a double-edged sword with losers and winners. Developing countries are currently the losers’ majority.

6.13 Agreement on Agriculture
The Agreement on Agriculture is very important for the livelihoods in developing countries. More than 70% of livelihoods in Zimbabwe are affected by this agreement. Zimbabwe, which has become a net food importing country because of persistent drought and the land reform programme, is subject to receiving subsidised products from the North. This is because the Agreement on Agriculture places a lot of emphasis on market access, yet the North is permitted to retain a large proportion of their subsidies through the categorisation of these subsidies into different boxes. Whether using blue, green or amber boxes, the North can manipulate their subsidies such that they will appear to be non-trade distorting. There is therefore the need to tighten the criteria for these boxes. Because of lack of resources, most of these developing countries will not take the culprits to the Dispute Settlement Body anyway. This study advocates for the creation of a development box as proposed by many developing countries. This box should allow the adoption of policies that will ensure higher incomes, increased agricultural productivity and reduce vulnerability to price fluctuations. This box will allow developing countries to ensure food security, promote rural development, protect small farmers and increase employment.
Most Zimbabweans are threatened by malnutrition since most food products are being imported and they are out of reach of the majority. The government itself is failing to import adequate supplies of maize and wheat because of foreign currency shortages. From this perspective, it is clear that the Agreement on Agriculture should allow developing countries to use subsidies to ensure food security. Zimbabwe has notably from 2004 offered loans at concessional rates to its farmers. If this money was being used productively in agriculture, it could result in sustainable development. Unfortunately, the Zimbabwean economic crisis has forced some of these debtors to invest the money in non-agricultural concerns where returns are very high in the short-term. Lack of self-sufficiency in agriculture has resulted in more than 70% unemployment level in Zimbabwe. It should however be noted that this unemployment rate was also increased by the land reform programme because a large commercial farm would employ an average of 400 workers yet the subdivision of some farms into 6 hectare plots resulted in the employment of an average of one person per plot since family labour is relied upon. Subsidies offered by the GoZ are far from adequate because of financial constraints. This problem applies to most developing countries which are low-income earners. This leaves the majority of farmers unsubsidised, including the rural poor. This analysis therefore calls for total elimination of export subsidies for all developed countries.

Zimbabwe like many developing countries exports unrefined agricultural products. These are subject to high tariff peaks and tariff escalation. It is important that future negotiations focus on reducing the tariffs that are of interests to developing countries. There are however proposals which have been submitted to the Committee on Agriculture. Some developing countries are proposing the use of the ‘Swiss formula’, which was used during the Tokyo Round, which can result in disproportionate cuts on higher tariffs. Another proposal is to reduce tariffs on all products to a certain level, for example 30% over a five-year period. Other proposals call for reduction in tariffs for goods of interest to developing countries, with maximum tariffs of 12 per cent. It is important to note that there are no agreements on which formula to use but this study recommends that the reduction of tariff peaks and escalation should not use a universal approach, but a formula that will result in substantive reductions of these variables as
they are applied by developed countries. The development box will therefore promote human centred trade and human development in the global trade regime.

Non-tariff barriers continue to distort trade to the disadvantage of developing countries. The Agreement on Agriculture should improve focus on the elimination of these barriers. This study showed that developing countries are also applying the non-tariff barriers even to their counter parts in different regional trade configurations. This not only hinders the effective adoption of a South-South co-operation, but when the same policies are applied by developed countries they have a greater impact because of the magnitude of trade involved between the North and the South. As a way of dealing with some of the non-trade barriers identified in this study a number of proposals are made. WTO members should put a web page which details critical trade information to allow for quick access to information on trade, standards and procedures by exporters and importers. Customs authorities should be multilingual so that trade language does not become a barrier to trade. Members should also develop their information technology so that any customs processing is quickly processed on-line. It is important that bond guarantees for goods in transit be made in hard currency. Since Sanitary and Phytosanitary measures are supported by health standards, it is important for members to apply them genuinely without an intention of converting them to non-tariff barriers.

This study shows that whist international agreements can affect domestic policies the inverse is true. Political, social and economic policies can affect implementation of the agreements such that an evaluation of the relationship can be very difficult. This study revealed that when the AoA was signed, Zimbabwe had implemented structural adjustment programmes, which already had more negative effects on the society than positive ones. Government authorities seem to have no zeal in implementing further trade liberalisation policies as required under the WTO. Hence the existence of many policy reversals during from the late 1990s to date. These included price controls and ministerial directives restricting or banning imports and exports of certain products. The land reform policy of 2000 has a significant impact on the performance of the economy. This is particularly because of the international community, which strongly criticised this policy,
and smart sanctions were imposed on the country. This has affected the performance of exports as alternative markets in the East are being sought as Zimbabwe’s products are shunned in the North generally. Subsidies that are being provided by government cannot be fundamentally viewed in relation to the Agreement on Agriculture but as enhancing Zimbabwe’s land reform policy. Government’s energy on agricultural policies is aimed at ensuring the success of its land reform process against what the international community may wish for such a programme which they consider as largely being implemented against human rights and the rule of law (international). It is important to note that it is the same international community which is against the land reform programme that Zimbabwe negotiates with at WTO. This largely compromises the effectiveness of its contributions. One can therefore conclude that the implications of the Agreement on Agriculture on WTO members are not homogeneous. It deepens on such variables as the size of the country, the level of overall development, balance of payments position, realistic future outlook for agricultural development and the structure of land holdings. Reforms in the international trading system should take into account different structural constraints among developing countries.

6.14 Globalisation and Regionalism
The question that the existence of WTO raises is whether regional blocs are still relevant in international trade. Regional blocs can inhibit or promote globalisation. When regional blocs become so powerful to withstand international pressure, then regional blocs can triumph over internationalisation. The EU – ACP regional bloc is a cause for concern since Zimbabwe is a member. These negotiations are taking place at the backdoor of WTO negotiations. Following the principle of the most-favoured nation one would certainly wonder why free trade areas should be allowed to operate outside the realm of WTO even if they are to be “WTO compatible”. The question that arises after realising that EU – ACP negotiations are an extension of WTO backdoor discussions, is that to what extent can ACP countries forward their interests in this colonial appendage.

ACP countries will not benefit as they did under Lome Conventions where trade agreements with EU were non-reciprocal. Funding and the typography of the
negotiations render the ACP case weaker, particularly the African case, which was brought under scrutiny in this study. As long as developing countries continue to rely on aid from the North, developing countries will be perpetual losers in the global economic structure. It is very unreasonable for a developing country to let their negotiating partners fund the whole process of negotiations including the impact assessment studies of such negotiations. ACP countries are endowed with internal regional problems as they meet the more organised EU. This has resulted in EU using its divide and rule tactics of dividing the ACP into different configurations. In Africa some members are negotiating as ESA, others under SADC whereas EU has not even divided itself. What is important is for these regions to first identify their comparative advantages and carry out impact assessments of such advantages. This will enable Africa to identify its goods of economic importance. Identifying a key negotiator is also vital in order to avoid manipulation tactics of the EU. As long as regional blocs of developing countries continue to be divided along national interests, bilateral relations, colonial legacy and power politics, internationalism will triumph over regionalism.

On the whole one can argue that Zimbabwe like other developing countries is marginalised by the WTO. The WTO structure and processes are meant to enhance neo-capitalism which has been advanced by globalisation at the expense of the poor. Through the WTO, developed countries are assured of ready markets in developing countries which have poor institutional networks to monitor trade processes. The mere existence of the Dispute Settlement Understanding does not guarantee free trade for developing countries. The international economic structure makes recourse to this law institution next to impossible. No David will fight a Goliath in the modern day. Zimbabwe cannot successfully launch a case against USA or EU given its limited resources, lack of expertise and colonial debacles. Democratisation of the WTO to include developing countries’ participation in the strictest sense is far from being possible. The WTO is there to institutionalize the status quo – the domination of the developed countries and marginalisation of developing countries.
Since the WTO failed to deliver on its key promises nine years after its establishment, it is important that all the weaknesses of the existing regime be unearthed and corrected. WTO agreements need to be reviewed and redressed in order to allow benefits from such a regime to be enjoyed by developing countries too; otherwise developing countries cannot support further trade liberalisation, new agendas and issues. The reviewing process should include genuine consultations with civil society, business community and other stakeholders.

6.15 Multi-National Corporations

The study revealed the WTO failure to advance development to the poor countries. Multi National Corporations (MNCs) have reaped largely from the WTO regime. Where they have failed to penetrate the domestic market, MNCs used the WTO to intimidate developing countries to change their domestic laws. The dominance of MNCs in developing countries has suppressed development of local industries, which are pushed out of business, thereby reducing competition as monopolies are created. MNCs benefit from WTO trade liberalisation because of their ability to shift production and investment around the world. This reduces choice and value for money for consumers who are already poor. The WTO should therefore review MNCs activities with the aim of reducing their global concentration and market power. This review should aim at enabling and increasing access to basic goods and services necessary for survival, such as food, shelter, clothing, health care and education.

6.16 Decision Making and Multilateral Trade

This study revealed the dictatorial tendencies of the WTO regime on domestic laws and policies. This has resulted in governments failing to regulate and to ensure effective consumer protection A country’s sovereignty is therefore undermined. It is therefore recommended that the WTO policy-making processes and outcomes be reviewed in order to enable the regime to strike a balance between globalisation and sovereign rights. The dominance of developed countries in the WTO regime should be redressed. Measures should be put in place in order to enable each member to enjoy the de jure equal weight provided by the WTO regulations. In order to provide sustainable development to all the
members, the WTO should be able to provide a judicious and proactive role for
government in a market-based global economy. Ambiguity should be removed from the
WTO legal text. This will discourage the powerful economies from hurting developing
countries by taking advantage of loopholes in the WTO regulations.

6.17 Further Studies
It is clear that the WTO covers numerous facets of international trade including
agriculture, intellectual property rights, investment measures, judiciary, non-agricultural
market access, subsidies and tariffs. This study could not have exhausted all these themes
which have numerous sub-themes and impact on livelihoods, environment and different
policies. It is recommended that further studies be carried out in order to evaluate the
effects of all such agreements to members of the WTO, particularly to developing
countries which largely remain marginalised in the global economic order. It should be
noted that this was the first systematic study on the involvement of Zimbabwe in the
WTO. Further research could therefore be carried out on other facets of the WTO. For
example a study could be made on customs procedures, tariffs and exports as distinct
topics. This will enable effective policy making and result in informed decision-making
by various stakeholders.
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