

South-South Strategic Alternatives to the Global Economic System and Power Regime

Dot Keet

Transnational Institute

Amsterdam

Transnational Institute

De Wittenstraat 25
1052 AK Amsterdam
The Netherlands

www.tni.org

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Author

Dot Keet

Editor

Fiona Dove

Design

Zlatan Peric

Printing

Rosgal S.A. Montevideo

Cover Image

Rachel R.

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FOREWORD

In recent years, the governments of many Southern countries have come to realise that the international trade and investment regime is thoroughly biased in favour of the interests of the richest and most powerful countries. The World Trade Organisation (WTO) is at an impasse and neo-liberalism in general is in crisis. The appetite for alternatives is growing. This extends to the global power regime. While few would hanker for the old bi-polar Cold War world, even fewer find the current uni-polar order any improvement, particularly because of the brute militarism that has accompanied it. The prospects for a new multi-polar world are looking brighter.

An exciting development is the number of new South-South inter-governmental alliances that are emerging to defend their interests and challenge the bias of the current global trade and investment regime. We have several new and, sometimes, overlapping alliances forged within the WTO. These include the G-22 of large agricultural exporters, focussed on contesting Northern protectionism; the G-33, which defends small farmers against dumping by the North; and the largest grouping in the WTO, the G-90, which insists on special and differential treatment for the least developed countries and a moratorium on new negotiations. The impasse in the current negotiations of the WTO's Doha 'Development' Round is due in large part to countries of the global South standing up to the US and the EU, and, of course, the latter major powers' total miscalculation of how far to push them! Mass popular struggles against the WTO, in particular, and neo-liberal economics in general have been crucial to the empowerment of developing countries.

Now, we are also seeing the revival of the Non-Aligned Movement and the reinvigoration of the G-77+China group within the United Nations. Then there is the new G-3 or IBSA comprised of India, Brazil and South Africa, which is spearheading agreements between their respective regional blocs and seeing intra-G-3 trade soaring. And finally, there is the Peoples' Trade agenda of Venezuela, Bolivia and Cuba, which many hope will offer a new model for co-operative development.

All these South-South initiatives could signal the basis for a fairer, more equitable distribution of power at the international level. They might also provide the basis for a fundamental challenge to the neo-liberal economics that have been hegemonic till recently, and a new openness on the part of Southern governments to people-centred development strategies.

This report on South-South Strategic Alternatives to the Global Economic System and Power Regime, written by TNI Fellow Dot Keet, has been published to alert activists to new strategic opportunities opening up. The challenge is to figure out how to support these developing country initiatives internationally and to engage Southern governments constructively, without compromising the right of Southern-based movements to continue challenging their governments at home.

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SOUTH-SOUTH STRATEGIC ALTERNATIVES TO THE GLOBAL ECONOMIC SYSTEM AND POWER REGIME

In recent years, governments of the South in various combinations have begun to pose some effective challenges to the North within international political and economic institutions which have - hitherto - been almost totally dominated by the powers and interests of the North. Some South-South alliances are even attempting to create alternative strategic economic bases and frameworks of co-operation for themselves within, against, or potentially outside of the current 'single', 'integrated' global economic system.

These emerging inter-governmental initiatives in the South have not received the intensive critical attention from radical analysts in the South that such developments require; let alone active targeted engagements with them. This inadequate attention in the South on new South-South inter-governmental tactical and/or strategic initiatives is due, in major part, to deep distrust of their governments by many radical intellectuals, and often in the context of determined popular opposition to their governments on domestic issues.

There are, however, in the context of the widening of the North-South economic divide and deepening global tensions, competitions and contradictions, new dynamics emerging in the positions and actions of various governments in the South. In large measure, these new or newly energised South-South inter-governmental dynamics have emerged precisely because of *non*-governmental critical engagements with them, on the one hand, and because of popular mass struggles within the countries of the South, as well as the actions of these mass movements at the global level. These apparently contrasting approaches to dealing with governments are not, in practice, mutually exclusive, although conceptualising in theory and coping in practice with their interactions is extremely challenging. The relative weight and impacts of such tactical engagements and strategic aims require constant scrutiny and intensive discussion.

Tactical and strategic challenges

These tactical issues and strategic challenges are by no means new. They have been part of the political debate amongst radical anti-colonialist, anti-imperialist and anti-capitalist forces in the South over many decades. In the context of the national(ist) and radical(ised) role of the local educated elites and petty-bourgeois forces - and even the aspi-

rant national bourgeoisies - in the countries of the South in opposition to their domination by the North, radical and revolutionary intellectuals have long been faced with the political challenges of how to relate to such 'progressive' forces in the South against the dominant economic and political forces in the North and the international agencies dominated by them. However, over the years,

- as most of the countries of the South sank ever-more deeply into neo-colonial subordination, and as the governing elites succumbed to the dominant paradigm - willingly or otherwise - under the pressures and 'persuasions' of the North; and
- as the burgeoning political/bureaucratic, technocratic and managerial elites faced the economic and political consequences of their policies upon their countries and their peoples, and became increasingly self-serving and corrupt, authoritarian and oppressive;
- the earlier debates amongst radical intellectuals as to how to deal with what had once been 'liberation' movements and 'patriotic' parties and 'nationalist' governments became more muted, or marginal, or irrelevant.

However, the failures of the ruling elites in the South have happened at different rates, to differing degrees of 'betrayal' and at different periods compared to other countries of the South and according to the historic processes within the respective countries. Thus, for example, the democratisation and liberation of Brazil and South Africa only happened relatively recently, and their parties, governments and popular organisations are at different stages of their mutual engagements than other longer-established 'post colonial' states of the South. In the differing situations across the South, one broad stream of popular responses is to disengage totally from the erstwhile 'anti-imperialist' liberation movements/parties and now externally collaborationist, and internally oppressive, governments; and to opt rather to enter into uncompromising oppositional mode at the national level. Other streams in different countries of the South at differing stages opt for selective and targeted tactical engagements with their governments in the specific circumstances of their countries and at particular conjunctures, including on the global plane.

Clearly, there can be no simple single formula for all countries within these two very broad options - or for the skilful alternation, or combination, or articulation of various tactics - in each national context. The key political questions are whether or where there are now greater possibilities and justification for critical popular forces to engage with governmental programmes/roles and inter-governmental initiatives on the international plane and how or whether this can be done

- without (re)legitimising questionable governments at home
- without being drawn into unproductive, time-consuming engagements with limited effects, and

- without critical political and social organisations compromising their own independent national positions, and social and political roles in relation to such governments.

The key overall questions and challenges

The analysis which follows aims to help provide some further basis for assessing the answers to the questions posed above by critically analysing some of the main South-South inter-governmental initiatives now underway. These questions concern:

- the main aims, issues and gains hitherto and the deeper potentials of these South-South initiatives, as well as their misconceptions and inherent limitations;
- where or how radical popular forces can engage proactively to give these South-South inter-governmental initiatives more effective content and to push them further and faster;
- how such South-South inter-governmental positions and projects can, at this stage, be useful defensive instruments, and even contribute to gradual shifts in the global balance of power;
- how such incremental changes in the global inter-governmental balance of forces can be utilised, in the interim, while more effective 'offensive' popular forces against globalised capitalism are built up;
- how or whether engagements by radical and popular forces on the international roles of their governments, and the South-South initiatives in which they are engaged, can also be made part of national processes to bring arguments and pressures to bear on governments to improve or change domestic policies accordingly, or faced being 'changed', themselves;
- and, most importantly, how popular forces in the South can, in part, through such proactive engagements and through close interrogation of the roles and proposals of their governments nationally, regionally, inter-regionally and internationally, contribute to the development of their own peoples' understandings and more far-reaching and profound strategic alternatives.

International institutional terrains of engagement

The globalisation of capitalism, penetrating more extensively and intensively into every country and every sector, has been advanced through complex and shifting combina-

tions of the direct operation of economic 'market' forces, the political exertion of economic force, the application of political pressures, and the utilisation of technological and ideological instruments, and military means, as deemed necessary. All these dimensions demand and are receiving the attention of critical analysts and popular forces, particularly on the more blatant unilateralism and aggressive militarism of the current global super-power, the United States.

At the same time, however, critical attention and popular efforts are being applied to international institutions that are utilised by the governments that dominate them in order to provide a seemingly 'legitimate' cover, and more insidious forms of control than are possible with the naked crudities of overt military power. The more pervasive and persuasive means of global control, more universally applied by more governments, reside increasingly in a range of 'multilateral' institutions. Taken together, these constitute an emerging system of global government, and are used by the more skilful and sophisticated powers as such.

There is, of course, already a form of *de facto* 'global government' that resides in large measure within the mainly un-public organisations and unpublicised political, and not only economic, strategies of major transnational corporations and through a multiplicity of inter-linked international business organisations and institutions.¹ The public inter-governmental side of the emerging system of global government resides in the expanding system of inter-locking official political/economic institutions. These are sidelining or subordinating and in some measure even displacing the established global governance institutions and agencies of the United Nations system. The new system of global government is based mainly in the complex of International Finance Institutions (IFIs), led by the International Monetary Fund (IMF) and the World Bank (WB), and by the World Trade Organisation (WTO), amongst others.

International finance institutions

From the early 1980s, the IFIs were extremely useful instruments for the governments of the highly industrialised economies to compel countries to restructure and reorient their economies towards the 'benefits' of international trade and international investment and capital flows - through IMF 'macro-economic stabilisation' programmes and accompanying World Bank 'structural adjustment programmes'. Through these means they were required to open up their markets to - and rely upon - the burgeoning producers/exporters and investors from the countries of the North. The sweeping liberalisation and privatisation programmes of the IMF and WB were only really feasible, however, with highly indebted governments that came under their control. In the 1980s, these were mainly in Latin America and Africa, whereas, the countries most attractive

to Northern exporters and investors were Japan and other similarly protected newly industrialised countries (NICs) in Asia. The latter were not - then - sufficiently in debt to be subjected to IMF/WB policy dictates. The governments of the most industrialised countries needed another more pervasive, permanent and powerful instrument to compel these and all other governments to open up their economies.²

The international 'trade' regime

Trade provided such a universal lever. All countries, however protective of their own economies, need external trade to one degree or another. The 'NICs', moving from their earlier inward industrialisation towards export-oriented strategies, were particularly dependent on trade access, especially access to the large consumer markets of the richest countries. Thus, for the governments of the rich North, providing improved 'trade access' to their markets became an effective instrument to force all such economies to 'reciprocate' by opening up their markets in turn. This could, of course, be achieved piecemeal through hundreds of bilateral 'free trade agreements' (FTAs) and thousands of bilateral investment 'treaties' (BITs).³ However, a 'multilaterally agreed' system of trade regulations would be more generalised, more uniform and more 'efficient' for the transnational operations of rapidly expanding global financial, production and trading corporations. International trade is, *per se*, a vital economic outlet for the excess production and the accumulated capital of the most highly industrialised countries, but it is also a powerful instrument to serve their other broader economic - and political and military - aims.

The General Agreement on Tariffs and Trade (GATT) provided a 'multilateral' platform for the narrower, literal aims of trade but also for the broader more strategic utilisation of trade. The Uruguay Round (UR) of GATT negotiations (1986-94) was expanded in depth and scope for this purpose. In addition to promoting wider and faster trade liberalisation, new multilateral 'trade-related' agreements were also introduced during the UR - for example, promoting the rights of international investors through TRIMs (the Trade Related Investment Measures Agreement) and protecting corporate 'intellectual property rights' through TRIPS (the so-called Trade-Related Aspects of Intellectual Property Rights). These and many other Uruguay Round Agreements (URAs) were designed to place wider obligations and constraints on all member states' international trade practices and even on their internal domestic policies. The UR also set up the World Trade Organisation in 1995 in Geneva for the monitoring, supervision and enforcement of such trade and trade-related agreements throughout the world.

In the years that followed this strategic thrust by the governments of the most highly industrialised countries, other WTO member states in Asia, Latin America and the

Caribbean, and in Africa, gradually became aware of the underlying strategic aims and the grossly imbalanced nature of the package of agreements they had been persuaded or pressurised to sign on to during the Uruguay Round. Conversely, these countries also became aware that the governments of the richest and most powerful countries, particularly the US and the EU, had skilfully evaded the extensive and rapid liberalisation terms they were imposing on other countries through the WTO and/or the IMF/WB. These more powerful governments, known as 'the majors' in the WTO, had instead inserted targeted exceptions and exemptions for themselves; allowing them to maintain various protective terms and protectionist devices within their own economies, especially for their more vulnerable sectors such as agriculture, and less competitive producers/products, such as clothing and textiles, and others.

As the more active of the governments of the developing countries tried to raise their concerns in the WTO, they were exposed to the heavy bias on the part of the Director General⁴ and the secretariat of the WTO towards big power interests, and their unquestioning promotion of the neo-liberal assumptions driving the 'multilateral trade system'. These were clearly designed to promote the ever-expanding 'open global economy' dominated by the rich and powerful economies and their corporations. At successive WTO ministerial conferences in the years following the Uruguay Round, developing country representatives in the WTO tried to take up and amend the defects and deficiencies in the URAs.⁵ In the process, more and more became angrily aware of the thoroughly undemocratic, un-transparent and exclusionary nature of the *modus operandi* of the WTO that the majors had created and manipulated to suit themselves. These undemocratic methods make it virtually impossible for other countries to get their proposals into the negotiation 'texts', let alone agreed.

1 | OVERLAPPING TACTICAL SOUTH ALLIANCES WITHIN THE WTO

The better informed and more proactive of the developing country governments began to discuss these problems and to create informal working alliances to deal with them. The earliest such initiative came to be known as the Like Minded Group (LMG), bringing together some fifteen developing country governments. Depending on the issue in focus, the LMG at various points included such countries as India, Indonesia, Malaysia, Pakistan, the Philippines and Sri Lanka in Asia; Cuba, the Dominican Republic and Jamaica in the Caribbean; and Egypt, Kenya, Mauritius, Tanzania, Uganda and Zimbabwe in Africa. Over the years, with various changes of government and/or the changes in the economic orientations of governments, not all these countries would consider themselves - or be considered - part of this informal 'like-minded' group. This loose grouping has, itself, also been superseded in many ways by the participation of most of these countries in the various more formally constituted groupings discussed below.

From the point of view of labour and other social movements in countries now becoming the leading 'middle powers' and 'emerging economies' of the South, it must be noted that India from the start played a proactive role in GATT and in the WTO, and was a leading participant in many of the developing country initiatives. Brazil and South Africa, on the other hand, were not participants in the informal groupings of more proactive developing countries in the WTO. The only grouping within the WTO that Brazil and South Africa publicly joined from the start was the formally constituted Cairns Group, consisting mainly of larger and/or more developed agricultural exporting countries promoting the needs of the large-scale commercial agricultural sectors in these countries. The Cairns Group included a number of other 'more advanced' developing countries such as Chile and Argentina, although it was dominated by more highly developed agricultural exporting countries, such as New Zealand and Australia. The latter acted (and continues to act) as its official spokesperson in the WTO. The group often allies itself tactically in the WTO with the US to counter or pressure the EU.

South Africa continued as a member of the Cairns Group following the democratic transition in 1994 but, as a newly integrated member of the Organisation of African Unity (OAU), it also began to participate in the Africa Group at the WTO in Geneva. However, while formally endorsing the joint positions formulated by African trade ministers through regular continental strategy meetings, the South African government

essentially followed its own priorities and approaches. The strategic conceptualisation of South Africa's role in the WTO then, as articulated by the Minister of Trade, was to "act as a bridge between the developing and the developed countries".⁶ This had implications for the projection of South Africa's own interests in the WTO but the practical expression of this approach in the WTO also contributed towards increasingly critical views within Africa on South Africa's other international strategies as well.

Growing opposition from without - and resistance within

The dramatic breakdown of the Third WTO Ministerial in Seattle, USA, in December 1999, reflected the impact of the unprecedented presence and role of international social forces opposed to the terms and very purposes of the WTO. Within the WTO negotiation processes, resistant stands were being taken up by some of the more active WTO member governments, such as those in the LMG. Growing dissent was even reflected in the diplomatically expressed but politically significant united stand taken by the Africa Group against the WTO's exclusionary procedures. Following the experience in Seattle, developing country members of the WTO increasingly came together in various new groupings to promote their views on key issues and processes in Geneva, as these arose.⁷ In addition to some of the major developing countries, such as India, that had traditionally played leading roles in GATT and the WTO, it is significant that a core of Caribbean and African countries participated in these proactive tactical alliances, but these did not include South Africa.⁸

Despite the reluctance of South Africa and Brazil, during almost a decade of the WTO, to take active and public stands with other, more proactive, developing country governments, their governments did eventually decide to come out strongly in one major new developing country grouping that emerged in August 2003. This was the Group of Twenty Two (G-22), which focused on key agricultural issues. Two thirds of this group were Latin American countries, many with quite close political and economic ties to the US.⁹ The G-22 was, however, led mainly by Brazil under the newly elected Workers' Party government. It also included India, China and a few other Asian countries, and one African country in addition to South Africa, namely Egypt.¹⁰

During the Fifth WTO Ministerial in Cancún in September 2003, this very mixed tactical alliance focused their diplomatic efforts and highly technical engagements on the agricultural policies and practices of the most industrialised countries. The G-22 was determined to tackle the major inconsistencies and imbalances in the implementation of the WTO Agreement on Agriculture, and to open up the markets of the rich countries to their own large-scale agricultural exporters. This required the removal of agricultural tariff barriers in the North but also dealing with the 'trade distorting' effects of

the agricultural export and production subsidy/support policies, particularly of the EU and the US.¹¹ Such a united engagement within the WTO by a grouping of developing countries, including larger and/or key countries of the South, perturbed and preoccupied the majors and held much of the mainstream media attention during Cancún.

Receiving far less attention was another grouping of mainly African and Asian and a few Latin American countries, all with heavily agricultural economies, which came together as the Group of Thirty Three (G-33). Their unifying concern was to fight for the production and livelihood needs of their millions of small-scale peasant and family farmers constituting the majority of their populations. In addition to several African countries,¹² the other countries then in the G-33 included India, Indonesia, China and the Philippines in Asia, and Cuba, Jamaica and Venezuela in Latin America/Caribbean.¹³ The significance of the G-33 alliance is that its main concern is not agricultural trade liberalisation, as in the case of the G-22, but its right to prevent Northern agricultural export dumping and damage to its millions of small agricultural producers. These countries go further to demand their rights to employ Special Safeguard Measures (SSMs) to promote and protect their key, and self-identified, Special Products (SPs) and their small producers against import surges and/or price collapses. Thus, while co-operating with, and in some cases overlapping with the G-22, they maintained and maintain to this day their separate identity and more specific demands.

The key forces, processes and outcomes

While the G-22 grouping is widely blamed, or credited, with having created the impasse in the negotiations that brought the Cancún ministerial to an abrupt halt, the fact is that the G-22 were convinced that they were making gains in Cancún, and they publicly regretted the collapse of that meeting. The fuller irony, however, is that the Cancún negotiations were effectively brought to a stop by a very much larger grouping of African, Caribbean and Pacific (ACP) countries (led by Jamaica and, in Africa, by Botswana), in combination with the group of Least Developed Countries (led by Bangladesh and, in Africa, by Senegal), and the African Union (led by Mauritius). Together, these countries, known as the Group of Ninety (G-90), constitute by far the largest grouping in the WTO.¹⁴ They stood together in Cancún on their separate and combined demands for their development needs to be fully recognised and operationalised in WTO agreements. They insisted above all on receiving 'Special and Differential Treatment' or terms (known as SDTs in the WTO) in recognition of their lesser levels of development. In this context, too, they opposed the introduction into the WTO negotiations of yet further liberalisation agreements, known collectively as the "Singapore Issues", above all on the free movement and operations of international

investors.¹⁵ It was the moderately expressed but firm stand of the G-90 on these latter issues that ultimately produced the insurmountable stalemate in the negotiations in Cancún.

The fuller picture of the forces at work in Cancún has to include the presence and impact of tens of thousands of unionised workers, farmer and fisher-peoples' associations, women's organisations and other social forces demonstrating their opposition to the WTO and its trade liberalisation agenda; and, through some radical 'accredited' NGOs, even having their views projected within the very negotiating halls. These reflected the many other mass actions all over the world, the build-up of international movements and the networks of NGOs acting with them against the WTO and neo-liberal globalisation. These had become a constant feature and factor in relation to all WTO - and IMF and World Bank - meetings over the past decade or so. The resistance by governments of weaker countries and their impact within the very processes of the WTO was, however, unprecedented in the history of the WTO.

This was probably not foreseen or even intended by the G-90 constituent groupings but, simply by standing together on certain key issues, they effectively challenged the existing structures of power and the established patterns within the WTO. Through an innovative procedure during Cancún, they also managed to avoid being divided and outmanoeuvred by the majors as in previous ministerials, most notably at the Fourth WTO Ministerial in Doha in 2001. Their newer defensive and preventative *modi operandi* ensured that no single G-90 member country could make any undertakings without first reporting back to the broader group(s), even if invited into the privileged inner conclaves of the WTO as a representative of any sub-grouping.¹⁶ Clearly, the G-90 grouping of the smaller and/or poorest and weakest countries in the world managed to play the role that they did because, as always, 'unity is strength'. The weak and fearful are embraced and covered by the whole, and the whole is greater than the sum of its parts.

At the same time, however, it must be noted that the G-90 also held firm because the attention of the majors was diverted by the strong stand taken by the G-22 on their own specific issues. Furthermore, the G-22's determined challenge to the majors' agricultural policies changed the overall climate within the negotiations in Cancún, whether they intended it or not. Together with the challenging climate being created by mass actions around the meeting, this encouraged the otherwise vulnerable G-90 and the somewhat cautious G-33 to hold their ground.

Some key strategic questions and challenges

Strategic analysts in labour and other popular movements within the countries of the South should certainly welcome the fact that their governments are adopting more proactive and even challenging positions in relation to the powers of the North on international trade and particularly within the WTO. However, there remain questions of detail and important strategic issues to be posed to these governments by organised labour and other social forces. These forces, in turn, need to examine these new developments with a view to deepening their own understandings of the current dynamics and strategic perspectives on ways forward.

The strategic focus on agriculture per se?

On the face of it, the major focus of the current Doha Round of the WTO on agriculture does reflect the significance of agriculture in the economies, societies and cultures of most of the countries of the South. In this context, it is strategically important for their governments to insist on their right to protect their millions of vulnerable small farmers and rural economies. However, the limited nature of the safeguard measures they propose, and the identification of a few key Special Products relate only to the current levels and structures of their agricultural sectors. Unless such governments also frontally challenge and remove the *de minimis* limitations that were set during the UR, on their right to subsidise farmers in their countries, and unless they energetically resist the US attacks on their right to create and utilise agricultural marketing boards and other such public transport/distribution agencies to support their farmers,¹⁷ such countries will not be able to make qualitative advances in their agriculture production in accordance with their own circumstances, needs and broader national objectives.¹⁸

Furthermore, in order to enable farmers in the developing countries to sustain their production and defend their livelihoods without powerful pressures from producers/exporters from the North, it is also essential that a definitive stop be put to the destructive 'dumping' effects on both large and small agricultural producers in all developing countries. These damaging effects are caused by

- the floods of excess agricultural products from the highly industrialised economies, encouraged by the agricultural export subsidies and agricultural support programmes of their governments;
- in combination with the opening up of the agricultural markets in developing countries, through the forced reduction of their protective agricultural tariffs.

At the most basic level, this situation requires that governments in the developing countries refuse, and if necessary reverse, tariff reductions in their agricultural sectors;

whereas the G-22 governments - now the G-20¹⁹ - are putting forward more 'moderate' and varied 'multi-band' proposals for such tariff reductions by developing countries in the guise of resisting the radical market liberalisation demanded by the developed countries. Indications are that the G-20 is also prepared to make significant accommodations in its demands as to the levels and time-scale for the reduction of the developed countries' export subsidies. It is even compromising on the continuation of the domestic supports in the highly industrialised economies, which are now being recast in new and disguised forms by the EU and the US, and being protected in various legal 'boxes' in the WTO.²⁰ These compromise positions by the G-20 are highly questionable, even in the interests of the more advanced developing countries, let alone the very vulnerable developing countries.

A further question has to be posed, more specifically, to the governments of Brazil and South Africa as to why they were for so long prepared to make agriculture the one matter on which they were willing to form tactical alliances with other countries - many of them politically dubious - in the WTO, whether in the Cairns Group or in the G-22. Even with their more recent unprecedented initiatives, the governments of Brazil and South Africa chose to be members only of the G-20, which essentially reflects the export promotion and trade liberalisation interests of large commercial farmers.²¹ If the Brazilian and South African governments are serious about supporting existing, and promoting new, small farmers, and agricultural communities in their countries, as they declare, they would - at the very least - also be members of the G-33; as are other members of the G-20, such as India, China, Indonesia, Pakistan and the Philippines.

Agriculture as a tactical issue in relation to the North ?

Agriculture may well be of fundamental importance to the economies of most countries of the South but, with the current heavy focus of the WTO negotiations on agriculture, there is a real danger that this will not only reflect but reinforce the character of such countries as predominantly (and permanently) agricultural economies, while the real interest and strategic thrust of the majors is towards further and faster liberalisation in the industrial and services sectors that are of much greater importance to their own economies. The resistance by the EU and the US in the agricultural negotiations is a necessary - but mainly interim - political stance to accommodate politically influential domestic constituencies. On the other hand, their other tactical objective in the Doha Round was to focus the attentions and limited resources of the developing countries on the agricultural issues, while they themselves were simultaneously and energetically advancing their more fundamental interests in the industrial and services sectors. They go further to demand that the developing countries must 'compensate' the developed for the 'costs' to their farmers and national economies that would be caused by pro-

posed changes to their agricultural subsidisation policies. This 'compensation' is to be provided through the 'opening up' of the industrial and services sectors in the developing countries through Non-agricultural Market Access (NAMA) industrial liberalisation and in their services sectors through the General Agreement on Trade in Services (GATS).

A further explanation for the emphasis on agriculture by the G-20 countries is that this was, in turn, based on their own tactical calculations for the negotiations. This is because it is in the agricultural sector that the most blatant abuses by the major powers are to be found. The continuing evasions by the EU and the US of the 'liberalisation' terms supposedly enshrined within the WTO apply to other sectors as well, but it is in agriculture that their 'double-standards' are most clearly evident *and* most prejudicial to all the heavily agricultural countries in the South. Thus, it is on these agricultural issues that the most developed countries, especially the US and the EU, are most politically vulnerable within the WTO, and in struggles to influence international public opinion. If this is, indeed, the shrewd overall calculation by developing country governments, such as Brazil, India and China and others in and through the G-20; and if it is on this tactical basis that they are also utilising the 'trade distorting' agricultural policies of the most industrialised economies as an effective negotiating lever, a bargaining device in the current round of WTO negotiations; then the more fundamental question is whether such countries have a less public, broader strategic economic and political agenda that they are pursuing in the WTO negotiations.²² This is particularly the case for those semi-industrialised and industrialising countries, such as Brazil and South Africa, where agriculture is actually a lesser part of their GDPs compared to their manufacturing, mining, and services sectors.²³

Strategic focus on industrial and services sectors?

If these developing country governments do have a broader economic agenda in the WTO than simply agricultural trade concerns, the question is why they have been so slow in entering into alliances at the WTO on the other larger and more important aspects for the development and diversification of their countries' national economies, namely the industrial and services sectors? Argentina, Brazil and India (known as the ABI) did come together, in mid-2005, during the so-called Non-Agricultural Market Access (NAMA) negotiations, with a modified formula for industrial tariff reductions that might provide certain developing countries with relatively less unfavourable reductions than the formulas placed on the table by various developed countries. This ABI proposal was hardly an adequate response to the aggressive demands of the EU and especially the US, and did not receive widespread support from other developing countries, including South Africa.²⁴

In the lead-up to, and at the WTO Ministerial in Hong Kong in December 2005, these and seven other leading developing countries²⁵ came together on the NAMA negotiations with more nuanced and additional qualitative criteria rather than a simply quantitative 'formula' proposal. However, even with their argument that tariff reductions must be 'proportionate and commensurate' to the size of the respective economies, they were not challenging the very notion of the 'multilateral obligation' of all countries to make further across-the-board and fixed ('bound') tariff reductions. Nor were they defending the principle of the right of all governments to set and utilise trade and tariffs policies, in combination with other policy instruments, for their own national industrial development, as they and their trade unions and other social players decide.²⁶

The problem is that these governments' positions are characterised by pragmatic 'realist' accommodations to the offensive thrusts of the more developed countries.²⁷ Their trade negotiators and technocrats continue to accept the 'inevitability' of tariff reductions. Some services companies in India and industrial organisations in Brazil even argue for the 'necessity' for liberalisation in these spheres. Hence, these and other governments are not mounting fundamental challenges to the problematic effects and negative implications for further and future national development and diversification prospects in their industrial sectors through NAMA liberalisation, or in their services sectors through the General Agreement on Trade in Services (GATS).

The current very broad international civil society and trade union campaign to stop the GATS, and the united trade union and other progressive organisations' stand against NAMA have important roles to play in getting all developing country governments to take up much more challenging positions against these latest strategic thrusts by the major governments on behalf of their corporations. Through such defensive engagements, however, these popular forces are also developing their own clearer understanding about the nature and role of services in their home economies, and the importance of flexible public policy instruments in developing their services sectors, in and of themselves, as well as for their countries' industrial development and diversification.

The Doha Round as a genuine 'development' instrument ?

The further broader challenges relate to the governments of the South holding up the so-called Doha Development Round as a significant framework for promotion of the development needs of the developing countries of the world. Yet, it is quite clear within the Doha Agreement text, and in the positions and interventions of the majors since Doha, that some of its terms are highly questionable, others are very modest and hedged around with various caveats and evasions by and on behalf of the major economies.²⁸ It could be that the developing countries are well aware of the limitations

of what some like to call the Doha Development Agenda (DDA).²⁹ It could be that some governments are, in fact, consciously utilising the purported 'development' aims of this round as another skilful negotiating weapon to pressurise the developed countries. The 'development' claims of the Doha Round are also a useful defensive shield to fend off the offensive 'market access' demands by the US, the EU and others.

The more important question, however, is how far the developing countries can proactively utilise the supposed 'development' orientation and promises of the DDA to pressurise the developed countries towards fundamental changes. These have to be undertaken not merely within "the unfair rules" of the WTO³⁰ but, in concrete terms, within the policies and practices of the already more developed and highly industrialised economies. Changes within 'the rules' of the WTO may be useful for limiting the abuses by the powerful countries, but such reforms are certainly not adequate. Removing so-called "trade-distortions" in the global economic system is totally inadequate in the context of the many other marked productive, technological and human skills imbalances being created and exploited in the current global system. It is, in major part, through the formulation and application of domestic policy instruments that developing countries may begin to deal with many of these deficiencies. However, to be able to do that they need the restoration of their 'policy space' and the policy flexibilities that all more developed countries were able to apply in the era before the turn to neo-liberal globalisation and in the creation of 'global' WTO conditions.

However, it is even more fundamentally through internal economic - and therefore political - changes within the developed countries that their domestic economies and therefore their international economic roles and impositions on developing countries will be changed. This is where intensive exchanges, mutual understanding and alliances between labour and other popular organisations in the South and with their counterparts in the North are absolutely crucial if the economies of the North and the current global system are to be fundamentally changed. Positions taken by some governments of the South in eschewing negotiation 'protocols' and diplomatic niceties, and exposing the double-dealing, double standard and anti-democratic behaviour of governments of the North, and thus informing and empowering their independent civil society organisations to do this could certainly contribute towards the information and activation of democratic peoples' organisations situated in the very heart of the global system.

Changing the balance between the South and the North and within the South

Meanwhile, even to achieve the mere defensive reforms that the present developing country governments are seeking within the URAs and in the WTO, there would have

to be major changes in the balance of power between governments within the WTO. Many developing country governments have made considerable advances in their understanding of the URAs and the WTO - in large measure thanks to national and international NGO efforts with them and on their behalf.³¹ Many such governments seem to be taking significant steps in forming tactical alliances, as indicated above, to defend their own interests, as the recent repeated stalemates in the WTO indicate. For this to be sustained and carried further, however, the majority of the member states of the WTO, namely the African countries and the G-90 in general, have to be held together to resist the typical divide and rule devices of the governments of the North. The latter very effectively utilise the political susceptibility of the governing elites in these countries, their aid and trade dependency, and the many vulnerabilities of their economies, to ensure their continued cautious and compromising positions.

The more determined governments in the G-90 and the G-33 realise that their own respective unities and potential impact have to be strengthened through forging tactical and strategic alliances with the stronger G-20 governments. The governments of 'lesser' developing countries need to secure active support for their positions from the larger 'middle income' developing countries, and to do so without surrendering their own positions and compromising their specific needs. The potential for this is indicated in the determined interventions by the G-33 in the Doha Round. Towards the end of the Doha negotiations, they sent out a diplomatically worded but clear signal that they would not accept some compromise deal stitched up within the Group of Six (comprising the EU, US, Japan, Australia, India and Brazil) that did not guarantee their interests. Significantly, their resistant stand was aimed not only at the governments of the North but also in response to some members of the G-20 proposing limitations on the G-33's demands on SPs and the SSMs.

In the event, the firm stand of the G-33 prevailed and the G-20 maintained its (public) position of support for it.³² This, in turn, may also have reflected some backstage tactical co-ordination between them in-so-far-as at least ten supporters of the G-33 are also members of the G-20. These are China, Cuba, India, Indonesia, Nigeria, Pakistan, Philippines, Tanzania, Venezuela and Zimbabwe. Such cross-cutting group memberships, co-operation and mutual support could, more significantly, contribute towards gradually shifting the overall balance of power within the WTO, and possibly more widely. The potential of such self-organisation and self-assertion by developing countries was most recently expressed in the impasse in the negotiations within the Doha Round. Major questions still remain, however; on the one hand about the continuing potential accommodating role and the influence of the bigger developing country governments over the rest of the developing countries. And, on the other hand, the complex relations between the countries of the South themselves in this and other contexts

outside of the WTO (see sections 2, 3 and 4 below).

The immediate strategic questions for organised labour and other social forces in the countries of the South are

- How they can encourage or push their governments to move forward from tactical defensive alliances amongst themselves - important though they are - towards more proactive strategies ?.
- How, even more fundamentally, can developing country governments be pushed beyond strategies within the WTO and, instead, begin to engage in fundamental challenges to the very purpose and role of the WTO in promoting neo-liberal globalised capitalism?
- How can the bases of the 'paradigmatic' debate on alternatives, and on alternative South-South strategies and alliances be widened and deepened to look beyond the WTO altogether? This poses organised popular forces with a broader set of questions and challenges.

2 | ALL-INCLUSIVE SOUTH ALLIANCES OUTSIDE OF THE WTO

Long before the G-22/G-20 and other groupings of 'developing' countries came to be formed within the WTO, countries of the South had joined together in a number of international alliances. In the context of anti-colonial struggles and 'post-independence' neo-colonialism in the South, and in the face of the imperialism of the North, the common aims of the countries of Africa, Asia, Latin America and the Caribbean were to protect or promote their interests as 'the Third World'. This was seen to be a world positioned between or apart from the First World of the capitalist west and the Second World of the anti-capitalist 'east'.

At the same time, however, during the 1970s - and long before the latest era of 'globalisation' - there was a deepening realisation within the countries of Latin America and the Caribbean, Africa and Asia that, as former colonies and now neo-colonies - that is, in the very internal structuring as well as the external orientations of their economies - they were in fact integrally part of the international capitalist economy. The Third World was not 'separate from' but economically integrated as the (deliberately) underdeveloped 'periphery' of a world economy driven by the interests and power(s) of the highly industrialised 'core' countries at the centre of the intrinsically international(ised) capitalist economy.

The earlier groupings of 'the Third World'

The earlier groupings of Third World countries in what is now referred to as 'the South' were much larger in their membership than the G-20 or even the G-90, and were much broader in their scope. In the years of the later 1960s and 1970s, there was the attempted development of the radical Tri-continental Movement of governments and political parties, and labour, social and national liberation movements of the South influenced by the roles and examples of Cuba and Vietnam at the time. The oldest and largest of these groupings was the so-called Non Aligned Movement (NAM) of more than a hundred countries in Asia, Africa, Latin America and the Caribbean.³³ As the notion of their political 'non-alignment' between West and East became more and more questionable, especially after the economic and political collapse of the so-called Second World in Eastern Europe and the Soviet Union from the later 1980s, the official rationale for the NAM, its role and very survival became increasingly doubtful.

Under the influence of the revived and growing resistance, during the 1990s, by countries of the South, above all in the WTO, the NAM has in recent years undergone something of a revival. Until recently, Malaysia under the radical Third World-ist leadership of Mahathir, played the most active leadership role in NAM. In 2005 a commemoration took place in Bandung, Indonesia, as the site of the earliest roots of the movement in 1955. This also produced a revival of the 'Afro-Asian Solidarity' of the 1960s and 1970s; although the indications are already that - within the economic and political accommodations of the capitalist 'market' system in virtually all these countries, including Malaysia - such a revived co-operation between Asia and Africa will be carried out largely by and for their respective business interests (see also section 3 below). The earlier anti-imperialist rhetoric has been largely displaced by pro-capitalist practice.

South Africa has taken up an active role in NAM since 1994, and Cuba is also engaging actively within the NAM, as the host of the latest NAM summit in Havana 16-17 September 2006. This has resulted in more radical language than has been heard in NAM for many years. The nature and role of the all-inclusive NAM as a whole, however, had long posed complex political questions and intractable problems, even before the more recent (voluntary or coerced) 'conversion' of many governments of the South to neo-liberal policies, accommodations to globalised capitalism and various forms of *real politique* engagement with the imperialist powers.

In general terms, the very size and scope of these earlier international grouping of the Third World is both its potential strength and weakness. On the one hand, its members could pose a powerful combined South counterweight to the North. On the other hand, the member states are so diverse and, in many cases, their governments so deeply questionable in their political and economic characters, and national policies/positions, that it was and remains extremely difficult to forge meaningful and active positions between them. Their joint positions thus tend to focus on very specific current political issues, or lowest common denominator agreements on sensitive issues, or are based on very general political declarations. Even where they do formulate proposals for collective actions on the global plane,³⁴ these rarely go beyond paper declarations and are lacking in practical application or meaningful impact; although they may have a certain utility in international political and propaganda campaigns. Thus, even as they adopt stronger language, as in the most recent summit in Havana, the test will be whether this is translated into or contributes to the necessary real substantive shifts in the global balance of forces.

Alliances of 'developing countries' within the UN

Some more practical issues are the targets of the other large international grouping of developing countries. This is the Group of Seventy Seven plus China (G77+China) that

aims to provide a common platform within the processes of the United Nations for the articulation of the needs of developing countries. The G-77 was formed in 1964 and is a framework for political co-operation and even a degree of co-ordination between its - now- 132 member states within the UN General Assembly and ECOSOC (Economic and Social Council) and in the various specialised UN socio-economic agencies. The engagements of the G-77 are largely determined by negotiation processes on UN institutional reform, and economic reform programmes within the UN system, such as the very limited aims set in the Millennium Development Goals and the weak Monterrey financial aid consensus. Its actions and interventions are thus located within limited reform(ist) programs within the *status quo*.

The limitations on the global impact of the G-77 also reflect the institutionalised imbalances of power within the UN, particularly in the membership and powers of the Security Council and of the major powers therein. Nonetheless, the G-77 countries continue to play active roles in key UN special agencies, such as UNCTAD and the UNDP, in order to prevent their total displacement by the IFIs and the WTO, and to ensure that they continue to play their research and policy analysis roles in support of the developing countries.

The G-77 'common platform' is - like that of the NAM - also constrained from within the grouping itself by the need to achieve consensus between such a large number and variety of countries. Furthermore, like the more recent NAM meetings, it is notable that on major international economic issues, the G-77+China seems to be mainly following behind the positions being promoted by the various developing country groupings within the WTO framework. Even though the G-77+China took a significant initiative in 1985 to launch a Global System of Trade Preferences (GSTP) amongst developing countries, this was soon outflanked and sidelined by the Uruguay Round of multilateral trade agreements (see section 4 below). This reflected not only the limitations of the G-77 and the UN but reflected also - indeed reinforced - the role and dominance of the WTO and, within that, the significance of the G-20 and the other issue-based groupings. In this context, the longer-established all-inclusive South-South groupings, such as the G-77 and the NAM, and their international roles have to be assessed both on the basis of their own functioning, as well as in comparison with the more recent modalities for South-South tactical and strategic initiatives within the WTO.

More recent and different South-South modalities

The more recent issue-based groupings of the governments of the South within the WTO processes are more focused and more practical, and might prove to have a more effective *modus operandi* than the earlier generation of developing country initiatives. The major

political and operational innovation now evident within the WTO is that countries of the South do not assume that they have exactly identical concerns and/or agree on all matters, and they do not rely on merging into one huge all-inclusive grouping on the basis of the very broadest identity that they have in common as 'the developing world'.

Instead, these 'developing countries' group around specific issues, as they consider necessary, and they engage in mutual lobbying, in informal consultations and formal negotiations between their respective groupings. The developing countries also seem to be creating modalities for operating as an 'alliance of alliances', such as the Grand Alliance between all the respective developing country groupings in the WTO that stepped into the lime-light in Hong Kong in December 2005. This, however, is a very different form of more structured cooperation/coordination than the amorphous all-in groupings of the past.

But, within this changing power scenario, more immediate and crucial questions are, nonetheless, posed about the role of the 'middle economies' of the South within this 'alliance of alliances' of virtually the entire developing country membership of the WTO.³⁵ This applies also within and in relation to the broader groupings such as the G-77, and in the context of other more specific and newer 'middle power' initiatives (see also section 3 below).

Some key strategic questions and challenges

At the institutional level, these trends pose questions about the forms of South-South co-operation, as well as about the role of the WTO as such. The WTO is rapidly becoming the central institution in a new system of global government and is upstaging the UN system in many areas and particularly its specialised socio-economic agencies, such as UNCTAD, UNDP, WHO, FAO and others. Similarly, the developing country coalitions within the WTO may be upstaging the G-77. Developing countries are evolving a system of overlapping groupings/alliances (albeit piecemeal and pragmatically, rather than by conscious design), which together could counter the major powers and out-flank the aims and agendas of the North. This mode of engagement is not straightforward, but it seems to allow for negotiated co-ordinations between countries of the South, acknowledging their differences but providing for effective and flexible practical co-operation from clear and distinctive bases, and on specific sets of issues.

These new tactical/strategic modes of operation within the WTO are still emerging and evolving, and they are accompanied by further questions and challenges about the WTO as such, about the relationship between the WTO and the UN, as well as about the UN itself.

Coalitions within, and to reform, the WTO ?

In the first place, although carrying broader strategic possibilities, the fuller potential role of these new developing country coalitions or alliances is, at this stage, limited by their location within a 'trade' negotiating body and by their reformism within the neo-liberal trade paradigm. There are also other constraints imposed by the undemocratic *modi operandi* of the WTO. In this context, the challenge facing developing country governments is not merely how to achieve reforms in the functioning of the WTO to make it the genuine and enabling multilateral negotiating forum that it is supposed to be.³⁶ More substantively, the current WTO agreements, rules and regulations would have to be fundamentally revised in such a way as to allow for the full policy space - and political rights - of countries at different levels of development and seeking different forms of development, to pursue their own interests and needs. This must include the need to pose the complete rescinding of some of the most highly tendentious and prejudicial UR agreements, such as TRIPs, TRIMs and GATS. NAMA, similarly, has to be stopped from going any further, as some trade unions demand.³⁷

Labour and other social movements in all the developing countries have to probe the substance, effects and implications of all these rules. The main issues are not actually about the fine details of these rules, but that they are externally imposed through very imbalanced power relations within the WTO, which then limit the domestic policy-making rights of governments. Independent popular forces have to challenge their own governments on where they stand on the fundamental principle of their national policy-making responsibilities and obligations. Above all, labour and other popular social organisations, and progressive NGOs etc, have to defend their own democratic rights to change their governments' policies and/or their governments without being told that governmental 'hands are tied' by international agreements signed in the WTO. That is why, as many NGOs argue, the most effective approach is to not allow such agreements through at all, especially where they contain unsatisfactory terms and foreseeable negative effects. These agreements are extremely difficult to alter once they have been agreed 'multilaterally', and are in effect virtually irreversible. Furthermore, such tendentious agreements, once signed, are enforceable through various legal processes and economic sanctions within the WTO system, which poses yet further questions.

Broader alliances to reduce WTO powers or 'relocate' the WTO under the UN ?

The exceptional legal enforcement/sanction powers of the WTO point to the broader implications of the WTO's dominant status in the emerging system of global government, and the need to deal with this. On the one hand, some NGOs argue that the built-

in imbalances of the WTO's quasi-judicial functions require reviews and revisions of the biased rules by which these sanctions are applied by the WTO. This also poses the question of the relationship of the WTO's Dispute Settlement Body to other international dispute resolution and judicial mediation bodies, and international law.³⁸ This, in turn, raises the entire relationship of the selective and non-inclusive WTO³⁹ to the more inclusive UN system. One immediate demand, therefore, is that the WTO has to be reduced in its coverage and powers. Its currently predominant role has, at the very least, to be 'brought under control' by being firmly located within the broader UN system of institutions and agreements.

At present, the WTO's rules and agreements are *de facto* and, through deliberate political interventions, projected as standing above all others.⁴⁰ Whereas, the WTO's regime of 'international trade law', and mere commercial criteria and practices, should be devised and implemented on the basis of more elevated considerations of broader international law and higher universal principles. This means that all governments and all international organisations and institutions, such as the WTO - and including the UN Security Council - have to be required to act under the over-arching system of (present and future) global agreements on universal human, labour, gender and other rights, environmental and related global agreements and other cumulative international law. These must be prioritised, projected and promoted further by equivalent alliances of labour, women's, social, peace/anti-war, environmental and other non-governmental community and faith-based organisations etc, to ensure governmental and institutional compliance with these global agreements and these overriding principles. It is only on this basis that there would be any justification for, or positive effect of, placing the WTO 'under the UN'.

Transformation of the UN and all UN member states

In turn, such a framework of principles for global co-existence and a democratic, balanced and accountable system of global governance poses fundamental questions about the current structures and functioning of the UN system itself and all its agencies. This includes, most controversially, the membership and highly questionable veto rights of the major powers in the UN Security Council, and the very role of the Security Council. An immediate and particular challenge to South African labour and social organisations and NGOs, in this regard, concerns South Africa's aspiration to become a permanent member of the Security Council on the basis of the reforms being negotiated. More immediately, there is the impending election of South Africa as a temporary ('non-permanent') member the Security Council and the alliances within which it will operate. Some such alliances may reflect and draw on the new type of South-South alliances described above, which could also include China as a permanent, veto-wielding mem-

ber of the UN Security Council. Other alliances may involve tactical engagements with Russia, which also enjoys veto powers. The more fundamental question, however, is the very existence of such veto powers, and the extent to which countries of the South aiming for seats on the Security Council are prepared to compromise on the continuation of such anti-democratic powers for the select few.

Another specific challenge to South African labour and social organisations and NGOs concerns the role of South Africa as the current chair of the G-77. By extension, this poses the nature and functioning of the G-77 in the context of the broader political and economic challenges facing South Africa and all member governments, as outlined above. Is the G-77 capable of playing the skilful tactical and strategic role it should, while so many of the member governments are lacking in political commitment and democratic credibility? The answer is that neither the G-77, as a developing country alliance within the UN, nor the UN itself will be made totally democratic, fully effective and legitimate until all the participating member states are themselves fully democratised. This, in turn, requires, at a more basic level, that member countries be more economically and financially and therefore politically independent and, at a more advanced level, imbued with different sets of economic, political, social, and environmentally responsible understandings and principles. This applies to all countries in the G-77 and in the UN as a whole, and it applies to the UN *per se*.

The challenge for all organised popular forces is (to expand on a common saying)

- how to clean the baby and clear out the dirty bath water without throwing out the baby with the bath water, *and* without destroying the bath itself, namely the UN system; or
- whether the bath itself has to be dismantled altogether and another entirely different instrument created in its stead.

Given the growing impact of 'global government' on the lives of all peoples and the planet this is not a remote issue. But such a total replacement, rather than reform, of the current UN would, in turn, require a totally different balance of forces in the world and an institutional/negotiating terrain upon which such a new united nations system would be created.

Another, more immediate, South-South democratic-and-development initiative outside of the UN system is now also being promoted. This is for such economic development and democratising political objectives to be directly pursued, and jointly promoted by more developed middle power - and already democratic - leading countries of the South. One such independent initiative is already being undertaken directly between three such self-selected countries.

3 | SELECTIVE 'MIDDLE POWER' ALLIANCES

The overall global balance of economic, political and military power, and the fundamental distortions and dangers posed by the current domination of the world by one or two overwhelmingly powerful countries, the US and the EU, require new countervailing international alliances of the countries of the South. These in turn, however, need to learn the lessons and go further than the established historic modes, or even the more recent innovative networks of overlapping tactical alliances emerging within the functioning of the WTO. It is in this context that considerable significance could be attached to a new alliance between three major 'middle-income' countries of the South - India, Brazil and South Africa. This alliance has been formed and is functioning outside of the WTO, although these three countries are also the core players and allies in the G-20 within the WTO.

This tighter grouping started out as the 'India-Brazil-South Africa Dialogue'. South Africa gave a spur to various bilateral relations between these three countries through initiatives launched in Pretoria in early 2000 in the aftermath of the WTO fiasco in Seattle. This was given added impetus when Lula, the Workers' Party leader, was elected President of Brazil in late 2002. Both South Africa and Brazil worked hard to draw in India, though then under a right-wing government. The formal launch of this tripartite alliance took place in Brasilia in June 2003, and was soon designated the IBSA alliance. The three participating governments have since held annual meetings of their foreign affairs and economic ministers, rotating to each of the three countries in turn, backed up and followed by other less visible technical planning meetings. The IBSA summit of their Heads of State in Brasilia from 13-14 September 2006 could presage a higher profile and broader political role for what some are now calling a 'strategic alliance'.

Distinctive character as a 'strategic alliance'

The distinctive character of this new alliance is that it is based on only three of the larger 'emerging' economies of the South and which claim to also share certain 'political affinities', over and above the fact that they are established democracies.⁴¹ These particular common economic and political characteristics of the alliance are stressed despite the following facts:

- India's democratic credentials are sometimes somewhat formalistic and even shaky

under repeated states of emergency and particularly in its militaristic stand and role in the Asian sub-continent and its insistence on its nuclear armaments capabilities.

- Brazil, similarly, has formal constitutional democratic provisions but also extensive official abuses of human rights and political probity, although at least it is not a nuclear power and does not engage in militaristic posturing and actions, as India does.
- South Africa, for its part, is a much smaller economy than the other two and has significance mainly in the context of its - internally and internationally assumed - economic and political role on the continent of Africa, and its emerging role in 'conflict resolution' and as a continental 'peace-keeper'.
- All three countries are essentially 'middle economies' given the relative size of their GDPs in the context of the South, but all three also have vast sectors of extreme poverty within their populations and share many of the same economic characteristics, social concerns and stresses as other developing countries.⁴²

Although the IBSA countries have much in common with each other, economically and socially, and within the huge spread of developing countries of the South, there may also be significant political advantages in their more specific alliance. IBSA is based on very much fewer and politically rather more similar countries than the broad spread within NAM or the G-77 and, thus, reaching meaningful agreements within this tripartite grouping is more feasible. Its scope and aims are also more practical and realistic, and less general and rhetorical, than the NAM. Conversely, IBSA is much broader in its subject coverage, and not as narrow in focus as the G-20, or as questionable in political character and as equivocal in commitment as are many of the member governments in the G-20, the G-77 and the NAM.

The potential areas for tripartite IBSA co-operation have been identified over the years to include technical and economic co-operation in various spheres including in education and training, science and technology exchanges, and trade and investment promotion. There is, for example, a proposal for a trilateral light aircraft manufacturing project building on the complementarities of the three economies - Indian design and technology, Brazilian manufacturing infrastructures and South African minerals and related technological capacities, as well as aviation communication skills. The aircraft produced through such a joint venture would be designed for the specific conditions, and fill a considerable 'niche' in the sizeable combined markets and growing economies, of the three participating countries. The innovative and ground-breaking potential in such trilateral technological and production co-operation is still at a very preliminary stage and has yet to be tested in practice.⁴³

Meanwhile, more traditional economic interactions are advancing rapidly. The com-

bined GDP of the three countries is some 1.3 trillion US dollars. This is only about 3 per cent of global GDP but, with a combined population of more than 1.2 billion people, these economies together constitute enormous markets for each other's investors/producers and exporters. Inter-IBSA trade has been expanding rapidly over recent years and is anticipated to rise to US\$10 billion by 2007.⁴⁴ Such trade relations will be encouraged further through preferential trade agreements between South Africa, with its Southern African Customs Union (SACU) partners, and MERCOSUR, the Common Market of South America with Brazil at its core. Negotiations on other such preferential trade agreements are being mooted between South Africa/SACU and India, and between India and Brazil/MERCOSUR. This indicates that such inter-IBSA trade relations are also significant in that they involve not only relations between the three core countries but between the regions within which they are situated geographically, economically and politically; although this poses other issues about such South-South regional and inter-regional relations (see section 5 below).

These South-South agreements and arrangements are raising concerns in the governments of the North as to what the IBSA alliance may mean for their own trade and investment ambitions in these and other rapidly expanding developing economies. On the other hand, the IBSA alliance is raising both positive expectations and probing questions within these countries themselves, and in the rest of the South as to what the alliance of these 'middle economies of the South' or 'South powers' will mean for them, in turn.

Some key strategic questions and challenges

For the peoples of India, Brazil, and South Africa, it is certainly to be welcomed that their governments are entering into co-operative arrangements with each other. However, there are both promising aspects in the mutual support and co-operation programs between these governments, as well as counter-trends and conflicting tendencies within them. The peoples of these three countries, and particularly their relatively well-developed labour and/or other social movements, need to be aware of and respond to these challenges.

Business-driven, business-serving 'South-South co-operation' ?

As a government-initiated political and economic alliance, will IBSA be based on government-to-government and people-to-people co-operation, and people-to-government engagements to create innovative forms of co-operation and co-ordination to ensure balanced development and (re)balancing effects within and between these countries? Or will the entire project and the programmes already underway be dominated

or completely hijacked by proactive business forces within all three countries in pursuit of trade and investment opportunities in each other's economies? All three governments have made pragmatic accommodations to the 'realities' of the currently dominant neo-liberal market system and 'market forces'. They are also all actively promoting the international outreach of their respective national business sectors more generally. This will, furthermore, be energetically advanced through the IBSA Business Council and other business agencies.⁴⁵

In this context, the project could be denuded of its broader strategic potential and simply used to create conditions conducive to the expansionary and exploitative activities of their respective national and multinational companies in each other's markets.⁴⁶ IBSA businesses could also use each other's markets as 'spring boards' into the broader regions around them. As a report on one joint workshop of market-supporting organisations in the three countries concluded, with little apparent awareness of the highly problematic implications: "[T]here is consensus that just as South Africa can act as a hub for trade with the entire continent of Africa, and Brazil for Latin America, India too could act as a gateway for trade and economic relations with the entire SAARC region - the seven countries of the South Asian Association for Regional Co-operation."⁴⁷

Such advantageous opportunities for transnational companies from the South and within the South will expand their own spheres of operation, but it does not follow that this would be to the benefit of their respective countries, let alone their populations, or their surrounding regions. How do the trade union organisations in these countries, and those employed in the same transnational companies operating simultaneously in the three IBSA economies, co-operate with each other, and with other social forces in the respective countries, to counter such business-driven and narrowly self-serving economic ventures under the attractive cloak of 'South-South co-operation'? (see also section 5 below)

Alternative geo-economic development strategies ?

How can the IBSA governments be made, rather, to design their co-operation as part of a far-reaching and far-sighted geo-economic strategy to strengthen and build their countries through genuine South-South financial, broader economic and technical co-operation? This would have to be based on negotiated "mutual benefit" arrangements and on different criteria than those which characterise aggressive neo-liberal globalised capitalism today. Or will they simply use their trade and investment inter-linkages to maximise the benefits for their national economies, and create preferential trade and investment arrangements to serve the competitive advantage of 'their' companies against other outside international producers and exporters? And will their growth and

the expansion of their economies simply remain within the existing global capitalist order, as both the first and second waves of East Asian and South East Asian NICs have done, and as China now seems to be doing?

How do peoples' organisations in these countries ensure that the co-operation between their governments functions to ensure people-centred and developmental relations that draw on, co-ordinate and combine their respective resources, enhance their current complementarities and create new capacities and strengths? Such co-operative and mutually developmental agreements and agencies between the IBSA countries, rather than exploitative and competing business interventions into each other's economies, would counter the dominant capitalist modalities and forces within these countries. This could, in turn, provide a different model of relations and alternative modes of development for other developing countries, separately or together. And - whether by deliberate design or simply in practical effects - this could contribute to the challenges against currently dominant predatory globalised capitalism (examined further in section 5 below).

Proactive geo-political role from within, and for, 'the South'?

The governments of India, Brazil and South Africa frequently present themselves as the champions of the countries and peoples of the South in relation to the governments and other forces in the North. In practice the picture is more complex, and the possibilities are rather more contradictory. Even though IBSA was proposed earlier as the Southern Hemisphere Group or the South-South Club, or the G-South, it includes only three of the larger economies of the South, each with its own problems and perspectives, national interests and ambitions. The immediate question is how, or whether, they can represent or presume to represent the whole of 'the South'. This doubt becomes more marked when the IBSA group is depicted as 'the G-3' of the South and compared to the G-8 of the North - hardly a reassuring analogy. Such concerns are reinforced practically when representatives of these countries are invited as special participants in G-8 meetings, and when the possibility is mooted of expanding the G-8 into the G-13, with the incorporation of India, Brazil, South Africa, Mexico and China into this select club of the rich and powerful.⁴⁸

The dangers of such cooption were evident time and again during the most recent round of WTO negotiations, especially with the incorporation of India and Brazil into the G-6, the inner Doha 'deal-making' group, together with the EU, the US, Australia and Japan. So far, India and Brazil - even if they had so intended - seem to have been prevented from 'selling out' the rest of the developing countries, apparently due to the short-sighted intransigence of the US and the EU. On the other hand, as (externally

appointed) 'representatives' of the developing countries in the G-6, Brazil and India also faced diplomatic but determined warnings from the G-33, and even the G-90, that they would not accept their interests being sidelined through some compromise deal worked out within the 'big boys club'.

The broader question now facing the labour and social movements in India, Brazil and South Africa is how their governments, within their relatively stronger intermediate-sized economies in the South, can (be pushed to) play positive and co-operative leadership roles in support of the needs and the articulated demands of the rest of the South, and on the basis of their common interests in resisting the domination of them all by the governments and corporations of the North. The alternative possibility is that the North will use these '*intermediate*' states in the South as '*intermediary*' states between the North and the rest of the South in order to secure the compliance of the latter and the consolidation of the current global order.

Sub-imperialists of the South ?

Will the national economic interests and global political aspirations of the IBSA governments be successfully manipulated by politically shrewd governments in the North, and other powerful economic agencies in the North to turn these stronger governments in the South into 'sub-imperialist' agencies on behalf of the North and the global capitalist system; and do so not only in their political roles, but also in their economic roles? The utilisation of these countries by transnational corporations and international investors as solid 'platforms' for their own penetration of the surrounding regions/continents exemplifies this. Alternatively, will the national economic interests and hegemonic tendencies within these emerging economies and 'powers of the South' turn them into regional sub-imperialists on their own account; or, more precisely, on the side of 'their' transnational companies and local capital? This is already being noted in the roles of Brazilian companies in South America and even promoted by their government in Africa;⁴⁹ with SA companies being similarly supported by the South African government in Africa, and further afield.

Competition is intrinsic to the very nature of capitalism, even between governments and corporations committed to defending the system as a whole. Thus, the question is whether the IBSA governments, harbouring their own 'national' political and economic aspirations, will simply play the role of junior partners within global capitalism, or will also act as new, if as yet smaller, sub-imperialists on their own account. This, of course, applies much more forcefully with respect to China, widely projected as the new global super-power emerging from within the South. China is rapidly assuming relations with Africa and other countries in the South, not only as a 'new imperialist' but

more like an 'old colonialist', which is how African popular organisations see the commercial penetration and extractive activities - and very uneven terms of trade between manufactured imports in exchange for commodity exports - by Chinese companies in their countries.

With their competing *and* some conflicting interests - and not solely collaborative relations with the governments and corporations of the North - all the potential 'sub-imperialists' of the South might be impelled to build their own economic and political power bases amongst other countries of the South in order to counter-balance the dominance of their much bigger imperialist counterparts in the North.⁵⁰ The question is whether that scenario could be transformed from a pragmatic and self-serving strategy for potential sub-imperialists of the South into a more mutually advantageous alliance within the South against the major imperialists of the North.

Alternative relations and models for the rest of the South

In this light, can the rivalries between the established powers of the North and the aspiring powers of the South also be utilised by the many 'lesser' developing countries of the South to their own advantage? This latter-day version of 'inter-imperialist rivalries' could provide weaker developing countries with a new or renewed political leverage in the same way that, in the past, they tactically used to their own advantage the East-West, capitalist-communist, United States-Soviet Union rivalries.⁵¹ Unlike in the past, however, such a strategy of 'playing off' one side against the other need not depend on the unstable *real politique* of opportunistic and unprincipled developing country governments. There are now large and independent labour and other organised popular forces in many of the developing countries, which are able to intervene in these processes on more principled grounds. Furthermore, in countries such as Brazil and South Africa, there may be tensions between governmental support to the external economic role of 'national' companies, on the one hand, and the national political positions of these governments on the other hand, which labour and other social forces can work on.

Various co-operation initiatives among labour and other popular organisations in Brazil, South Africa and India are already underway on these and other more specific national and sectoral concerns.⁵² These efforts must, amongst other proactive development objectives, also aim to counter the current, perceived or planned 'sub-imperialist' tendencies in their countries on behalf of national or international capital, or both. Going further, organised popular forces in these stronger and relatively democratic countries can co-operate with each other and also help to empower their counterparts

elsewhere in the South in complementary and combined peoples' solidarity campaigns against all sub-imperialistic and pro-capitalist forces, governmental or entrepreneurial, North or South; and co-operate for the creation of comprehensive people-centred and people-led development strategies within and between their countries and their respective regions and, in so doing, provide both alternative models and sources of support, and resources, for other countries and regions of the South (see also section 5 below).

4 | 'PREFERENTIAL' SOUTH-SOUTH TRADE, AND 'MULTILATERALISM'

At a very different level, there is another programme, more narrowly focused in substance, but more inclusive in participation, for South-South inter-governmental trade co-operation. This is the Global System of Trade Preferences (GSTP) that is already underway and could promote arrangements that include all the large and small, developing and least developed countries of Africa, Asia and the Pacific, Latin America and the Caribbean. Initiated by the G-77+China at a Ministerial meeting in New Delhi in July 1985, this scheme for the promotion of trade between developing countries was taken further in the G-77 Ministerial meeting in Brasilia in May 1986 and formally launched in April 1988. This agreement takes advantage of the so-called Enabling Clause agreed within GATT in 1979, which 'permits' developing countries to offer each other trade preferences, through lowering their external tariffs, which they do not have to concede to developed countries, despite the broader 'non-discrimination' principles of GATT and the WTO.⁵³

The GSTP may merit some consideration by developing countries because it differs from the WTO 'multilateral trade system' (MTS) in not being based upon and promoting sweeping global 'free trade' for all and between all. The GSTP could promote differentiated preferential trade terms, and self-selected variable liberalisation arrangements by the participating developing countries, negotiated in different sectors and for different products, according to the different situations amongst the participating countries. For the weaker economies of the South, the GSTP enshrines the Special and Differential Treatment (SDT) of the earlier GATT designed to take into account the different situations of member states, and based on principles that are now being deliberately reinterpreted, downgraded and sidelined in the universalising rules of the WTO.

On the basis of the different and differentiated modes of the GSTP, the indications are that this system of trade relations has the potential both to promote more South-South trade and more 'fair trade' between the participating countries. There are at present some 44 countries participating in this system, and a further 40 are anticipated to join during the Third Round of GSTP negotiations launched in 2004. If this is successful, preferential trade will be enormously expanded. By 2000, GSTP trade was reportedly close to \$2 trillion, that is 55 per cent of the trade between such countries.⁵⁴ General South-South trade is expanding rapidly from 24 per cent of total developing country trade in 1960 to

43 per cent by 2003, although 70 per cent of this continues to be between a handful of the economically better-placed developing countries, particularly in Asia.⁵⁵ It is anticipated by UNCTAD that an expansion of South-South trade under preferential terms could generate a further \$15.5 billion for the participating countries annually.

Such a diversification of their external trade will 'spread their risks' against exposure to external price fluctuations and other economic shocks mainly emanating from the economies of the 'most advanced' countries. South-South trade can also reduce their current trade dependence on the North. Although conceived before the launch of the Uruguay Round, the GSTP "was a timely strategic response on the part of the developing countries, signalling collective resistance to the onslaught of the UR ... [and could provide] a parallel, or alternative framework for mutual co-operation among the developing countries", according to a highly experienced participant from the earliest stages of the GSTP.⁵⁶ This is precisely why the governments of the industrialised economies of the North moved with such alacrity during and through the Uruguay Round of GATT from 1986-1994 to outflank the GSTP.

The GSTP did not expand much further thereafter, and the Second Round in 1998 did not produce many practical results. This was due, partly, to the very similar structures and content of the external trade of many developing countries and, even more so, to the heavy orientation of their external trade towards the rich markets of the North. The slow pace of the expansion of membership of GSTP was due also to the conviction of most developing country governments that they could better obtain the market access they needed in the North through the global 'multilateral trade system' and the WTO. Developing country and especially LDC governments also placed great hopes in the alternative GSP concessions, the Generalised System of Preferences that the rich Northern governments could bestow upon them. However, their experience of the real purposes, functioning and effects of the WTO regime over the years; the narrowing down or 'erosion' of GSP within the more general liberalisation of developed countries; and the ultimate unreliability of the North's GSP concessions, which by their very nature can be unilaterally altered or withdrawn; together may now make more governments in the South more open to the alternatives posed in the GSTP, as expressed during UNCTAD XI in Sao Paulo in June 2004.

The more proactive and stronger developing country governments, such as Brazil, India and Thailand, were particularly positive about the re-launch of the GSTP parallel to the UNCTAD XI gathering. They urged all the developing countries of the G-77+China to join this alternative trading system for the South and help create a "new trade geography", according to President Lula of Brazil.⁵⁷ The WTO Director General, also present at the launch, supported by the Argentinian Economic Minister as chair of the GSTP

Committee, stressed, however, that the terms of the GSTP are "complementary to and do not substitute for the WTO". The WTO DG's intervention was interpreted by various developing country representatives present to be an attempt to dampen the enthusiasm expressed in the meeting.⁵⁸ The first question, however, is whether the compatibility of GSTP terms with those of the WTO mean that they are also compliant with the WTO's controversial trade-related agreements on investment, services and intellectual property rights, and the many other issues that the majors are still trying to introduce into the WTO. These questions, plus the broader implications of the GSTP, pose a number of significant challenges.

Some key strategic questions and challenges

For the countries of the South in general, the greater 'collective self-reliance' referred to by various South leaders, including Brazilian Foreign Minister, Celso Amorim,⁵⁹ is important. However, despite the similar situations and some shared problems in relation to the North - and although they can, on these bases, forge common positions and tactical alliances in relation to the North - the countries of the South are clearly not of the same size nor at the same levels of development amongst themselves. This, for a start, raises the following questions and challenges about their increased and improved 'preferential trade' relations, together with the terms of their simultaneous engagement in the global 'multilateral' trade system and regime.

'Preferential' trade towards productive development.... or vice versa ?

Even with the best of intentions, can preferential trade agreements between developing countries at different levels of development produce equal or 'mutually beneficial' outcomes or, at least, produce reasonably balanced gains on all sides? As with 'improved market access' into the countries of the North, increased and preferential developing country access into the markets of the larger economies of the South, while potentially helpful, will not guarantee real gains for weaker economies without improvements in their productive capacities.⁶⁰ It is, most importantly, through the building of effective internal production systems and other domestic capacities and facilities that economies can achieve more effective and diversified external trade, not *vice versa*. It is essentially on the basis of improved infrastructure, technological and processing/manufacturing capacities, market information and marketing skills, and other human skills, plus much more, that lesser developed countries would be able to take advantage of preferential access to the larger and more developed countries of the South within the GSTP scheme. Without such pre-conditions and flanking provisions, preferential trade, even if graduated and variable, could still result in very uneven outcomes; increasing rather than reducing the existing imbalances between these countries 'of the South'.⁶¹

The first task for governments, producers, trade unions and other social forces in such countries is to probe the over-optimistic declarations - and possibly self-interested exaggerations - of the stronger countries of the South about such 'preferential' trade. More fundamentally, it is necessary to challenge the superficial 'growth' assumptions of the 'trade paradigm' on which even GSTP is premised, and replace it with an holistic internal development and diversification paradigm that is less heavily dependent on external trade, whether with the North or the South.

Reduced dependence on the North ... or reducing the dominance of the North ?

Can the necessary 'reduced dependence on the North' be adequately achieved solely through reduced trade dependence? Such countries are, indeed, locked into Northern-oriented trade patterns through the nature of their export products and the very structuring of their economies, transport and other infrastructures etc. It is precisely these things that also make the expansion of South-South trade so difficult. A further problem is that these dependencies, in turn, both reflect and reproduce broader and deeper financial and technical 'aid' dependencies, and investment and technological dependencies. These have to be consciously reduced rather than constantly reinforced, as many of the proposals and pleas of most of the developing countries, and especially the LDCs, do.

The most important challenge for the governments and all social forces in these countries is not only to reduce - or better still eliminate - all these forms of dependence on the North, but to reduce the global dominance of the North. That requires not only different South-South trade orientations and relations - although this can help - but sophisticated and combined geo-economic and geo-political strategies to tackle the very nature and structuring of the global economy. These, of course, are epochal systemic challenges that can only be achieved by major changes in the global balance of power, as posed in sections 1 to 3 above, and 5 below, and which have to go far beyond only changing the 'global trade geography'.

For South Africa in particular, a number of internal challenges are already posed by the inherited heavy export dependence of its economy, and the reinforcement of this orientation through the 'export-led growth' strategies of the post-apartheid democratic government. In their accompanying concern to improve the 'international competitiveness' of their exporters, governments such as South Africa's are impelled toward adjusting their internal policies and programmes, such as in the direction of greater 'labour market flexibilities'. Within this external trade orientation, however, there is now an evident concern amongst key policy-makers that South Africa has to diversify its external trade in both content and direction.⁶² The problem is that such shifts are still within the dom-

inant 'trade' paradigm. In the context of the South-South strategies being examined here, specific challenges have to be posed to all the governments of the South which have similarly excessively extroverted economies and 'export-led' growth strategies. Trade union and other peoples' organisations in these countries and their counterparts in other countries of the South, have to pose the same questions, and others which follow.

Replicating the North-South division of labour in growing South-South relations?

How can developing countries utilise greater South-South trade not merely to promote simple quantitative 'growth' by any means, but rather to support qualitatively different modes of development? At present, for both South Africa and Brazil - like other lesser developed countries, albeit, in some regards, at a relatively more advanced levels - a major part of their rapidly expanding exports into the larger economies of the South, especially China and India, are in commodities. These exports are mainly minerals and chemical products, forestry and agricultural products with relatively low levels of processing, and including limited manufactured components or finished goods. If these patterns are not changed, they could reinforce, within a South-South framework this time, the current global division of labour between more and less developed, more and less industrialised economies.

Neither South Africa nor Brazil - let alone other much less developed countries of the South - can allow themselves to be reliant on such a commodity-supply role in relation to other larger economies of the South; even though their producers and exporters are now opportunistically attracted and excited by the immediate commercial opportunities. The fundamental challenges facing the governments of the resource-rich countries of Africa and South America are how to use their natural resources - and their current commodity earning 'windfalls' - as a financial resource and as a solid base from which to diversify, develop and re-orientate their entire economies and not only their external (mainly) commodity trade, whether with the North or the South. This is also crucial in the light of the instabilities and fluctuations of international commodity prices over which such countries have little control. Trade unions, of course, have their own specific interests in such economic development, and especially industrial and services diversification.⁶³

Either simple 'free' trade, or variable 'preferential' trade or neither ?

Notwithstanding the above problems, there is certainly something to be said for carefully designed and variable preferential trade agreements being negotiated between the countries of the South. There are, however, considerable difficulties in negotiating a

range of fine-tuned and variable terms between a large number of countries at different levels of development. Within this wide 'global' framework, governments might encounter similar problems to those experienced in other vast agreements of the South, such as between the members of NAM or the G-77. It is not clear whether many more countries of the South will come forward to actively support the global preferential trade modalities of the GSTP, and even the aims and logic of preferential trade *per se*. Once again, this suggests the greater feasibility of more focused and tailored preferential trade agreements between sets of countries of the South, as with their more focused issue-based tactical alliances in the WTO, rather than between them all. At one level this will be more complex but, at another, more realistic and realisable (see also section 5 below).

Furthermore, despite the possibilities offered by preferential trade, official government statements⁶⁴ constantly stress that they continue to prioritise the 'multilateral trade system' within and through the WTO, with its orientation towards generalised global trade liberalisation. Organised labour and social forces and specialised development NGOs and research institutions in these countries have to investigate the comparative returns from generalised free trade and from differentiated preferential trade arrangements.⁶⁵ This also entails not only exposing the WTO's liberalisation claims to critical analysis,⁶⁶ but interrogating the 'free trade' language and officially declared free trade trajectory and ultimate goals of the many bilateral and even the 'preferential' trade agreements that many countries, and groups of countries in the South are now pursuing.

South Africa already has trade liberalisation agreements with the EU and European Free Trade Association (EFTA),⁶⁷ and potentially with the US. The South American regional grouping, MERCOSUR, is engaged in protracted trade liberalisation negotiations with the EU. South Africa and its Southern African Customs Union (SACU) partners together are also pursuing a trade agreement with MERCOSUR, and possibly even with India and China, amongst other countries and groupings in the South. These countries, in turn, are reportedly pursuing 'free trade' agreements amongst themselves and, for India, with the vast ASEAN grouping. Whatever the current modulated details of these agreements, as between SACU and MERCOSUR, they are invariably presented as preliminary stages on the way to full free trade relations. A trilateral free trade agreement has even been made part of the aims in the official declaration that emerged from the IBSA Heads of State Summit in Brasilia, 13 September 2006.

At present, many of the so-called free trade agreements are actually (and wisely) preferential trade agreements. The challenge for trade union and other social movement strategists is to insist that such agreements are to be negotiated and explicitly defined - and sustained - as 'preferential' trade agreements in and of themselves; although even

this is insufficient without comprehensive productive development, as indicated above. However, in the context of global warming and potential global environmental catastrophe, the challenge has to go much further, to question the entire logic of international trade *per se*. This constitutes one of the major sources of transport and energy pressures on global resources, and of CO2 emission and pollution pressures on the global environment through the production of the exports so traded.

Defending 'multilateralism' through - or instead of - the WTO

There is also a fundamental immediate challenge facing governments in pursuing alternative frameworks for South-South negotiations and relations. This challenge is posed by the so-called multilateral system for the negotiation and regulation of inter-national trade relations and 'trade-related' policies. This multilateral system is currently administered by WTO, driven by the neo-liberal assumptions underpinning the WTO rules and regulations and, until recently, completely dominated by big power interests and aims. The main problem is that, despite important gains being made by developing country members of the WTO in exposing and opposing its *modi operandi* and in questioning the one-size-fits-all trajectory of its agreements, the overriding concern of developing countries is to sustain what they see as an essential 'multilateral rules-based system' within which to argue for their own needs.

Negotiating together on global rules certainly carries advantages for weaker countries in facing up to the more powerful. It is also certainly preferable to have internationally-agreed rules that might constrain some of the worst abuses of the strong over the weak.⁶⁸ But the anxieties of the developing countries to keep the big players 'in the game' has the effect of dampening the full extent of their engagements and inhibiting their fuller potential challenges to the big powers within the WTO. Developing countries are constantly warned by defenders of the *status quo* that if they are too sharp in their critiques and too 'uncompromising' in their positions, and if they refuse to engage in appropriate 'trade-offs', they might cause the breakdown of negotiations and 'imperil the very survival of the WTO *and* multilateralism'. The accompanying threat is that such a weakening of 'the multilateral system' will open the way to unrestrained big power unilateralism, to bilateral pressures of the big developed countries against small(er) developing countries, and to other such imbalanced processes. These threats are real but they are, of course, already part of the established practice of the majors, as well as part of the standard ploys in the WTO negotiations utilised by the developed countries and their supporters.

The reality is that the governments of the more highly developed countries cannot afford to allow the WTO to collapse altogether. They, themselves, need and will ensure

the continuation of the complex system of global rules and regulations already located in and administered by the WTO. These will not suddenly disappear. In fundamental ways - and even more so than other countries - the highly industrialised and highly internationalised economies of the North need the WTO and the current uniform-ising and universal-ising system of 'multilateral' rules in order to secure and ensure the smooth and 'efficient' operations of their transnational corporations and financial institutions across one open integrated global economic system.

Deeper insights of developing country governments into the interests, aims and tactics of the developed countries, the purpose of the WTO and its agreements, would counter the current rationale in the minds of developing country technical trade negotiators about the 'necessity' for them to make constant accommodating compromises in the WTO which - as the more astute government analysts know full well - are not in the deeper and longer-term interests of their countries' development. Yet, despite the acknowledged problems with such accommodating 'trade-offs', narrowly focused trade negotiators in these countries are willing to accept 'realistically' such disadvantageous concessions to the majors in order to protect, defend and preserve what they see as the essential 'multilateral system' overall.

In much of the defence of 'the multilateral trade system' (MTS) there is, however, a conflation of three different aspects or phenomena.

- The first is multilateralism as an inclusive mode for negotiating diverse interests, which enables the weak to engage collectively with the strong(er). This should certainly be defended but, in the case of the WTO, would have to be made more inclusive, democratic and real, and the entire functioning of this institution and its technical secretariat would have to be radically changed to make it a genuine 'multilateral' forum.
- The second usage of the term actually refers to the outcomes of such negotiations, that is, the hitherto produced agreements, rules and regulations. These, in the case of the WTO, are thoroughly biased towards the interests of the larger economies and their companies, and need to be challenged and changed or removed altogether. Unless this is achieved to the benefit of all the participating countries, these are 'multilateral' rules only in the most formal sense of the word and with little of the fundamental essence of multilateralism.
- The third way in which the term is employed is to refer to the complex sets of practical inter-national trading relations that are assumed to have been built by and to depend upon the current rules; with the smooth running assured by the WTO as the supervisory multilateral institution. Whereas, of course, international trade long preceded the WTO, much trade still takes place 'informally' (and 'illegally') outside of the 'rules and regulations' of the WTO, and even more is catered for and shaped

by bilateral and regional agreements and modalities. Thus global/multilateral/international trade is much more varied and complex than the single model and the uniformising and universalising rules being imposed by the WTO. In any event, 'the multilateral trade system' used in this third sense refers to an entirely different phenomenon and an entirely different level of analysis and action than the two other uses of the term.

Thus, there is a conflation and a confusion of the so-called multilateral *method* for negotiating trade regulations, with the supposedly multilateral trade *regulations* themselves, and with the multilateral trade *relations* that they purport to regulate. These are not one and the same thing at all, and they require a clear understanding as to what the problems and needs are at each level or in each dimension, and what the appropriate positions of governments therefore should be. Such a clarification would assist governments to develop more appropriate strategies for how they view and engage with/in this institution. Once 'multilateralism' is understood more clearly to refer to a system of negotiations, rather than a very specific institution or current international trade agreements/arrangements, then it will be possible to consider more creatively, and less encumbered by conceptual confusions, what is required to ensure more equitable international relations.

A further and profound conceptual error is to conflate the WTO, as one particular multilateral institution, with multilateralism *per se*. The WTO is not the only multilateral forum in the world today. Nor is the WTO the only possible, or the only conceivable, venue for such international negotiations and relations. The effective counter-response by developing countries against the threats and the proscriptive pressures from those defending the WTO as the key multilateral institution in the world today, has to be that there are various other multilateral institutions dealing with other dimensions of international relations and global concerns, and the WTO is certainly not the most exemplary of these in its functioning. In fact, the WTO is increasingly regarded as a highly unsatisfactory 'multilateral forum' in its exclusionary, imbalanced and undemocratic modes of operation; in the profoundly questionable neo-liberal theories and trade-and-growth paradigm driving it; and in the detailed substance of its biased agreements, rules and regulations.⁶⁹

Once this is understood, serious thought and effort can be applied to developing such an alternative multilateral forum and system rather than timidly defending the thoroughly questionable institution in place. The fundamental question is whether the WTO can be reformed or radically transformed, or whether it has to be replaced altogether. If the WTO is not and, if within the very paradigm on which it is based, it cannot be made more even-handed in its functioning and equitable in its effects, then mul-

tilateral trade negotiations have to be carried out within a new and very different institution altogether, or on a more appropriate institutional terrain. Dis-establishing and replacing existing institutions, currently dominant paradigms and established powers is certainly difficult but is not without precedent in the world. As always, it is a question of intellectual and political independence and will, social mobilisation and political power.

Finally, for such an alternative system to be genuinely engaging and empowering in its *modus operandi* and equitable in its outcomes, it would have to be based on entirely different rules and operate on the basis of a totally different paradigm. This would have to ensure the genuinely democratic multilateral negotiation and regulation of the relations between nations and between peoples, and recognise and encourage the diverse approaches being considered in the various South-South development strategies being discussed here, including regional strategies, as follows.

5 | SOUTH-SOUTH 'REGIONAL COOPERATION' ALTERNATIVES

Despite all the talk by the majors about the necessity for the multilateral system, the reality is that unilateral, bilateral and regional strategies are, and have long been integral to the positioning of the major powers *vis-a-vis* the rest of the world. Even while pursuing the ground-breaking UR liberalisation agreements to legally entrench and rapidly advance the emerging globalised economy - and to secure their dominance therein - the major industrialised countries/governments were simultaneously negotiating their own bilateral and regional agreements and building their own regional bases within the European Community/Union and the North American Free Trade Area (NAFTA) respectively.⁷⁰

The US was assiduously building its regional economic base in North America, even during the UR, as something of an insurance policy in case the UR did not yield global terms conducive to US national economic and strategic interests. Even though the UR terms turned out to be very favourable to US national and corporate needs/aims, Washington has persisted in its bilateral and regional efforts: for example to swallow ASEAN in a free trade area of the Asia-Pacific Economic Community (APEC), and in its continued efforts to try to extend its North American Free Trade Area (NAFTA) into a vast Free Trade Area of the Americas (FTAA). Failing that, the US has foisted free trade agreements on various sub-regions in Central America and the Caribbean and elsewhere. The US has also, even in the period since 2001 - while it was supposedly negotiating the multilateral Doha Round - pursued and pulled off some 26 different bilateral deals all over the world.⁷¹ The EU is not far behind and often competes with the US even in its own 'back yard', Mexico and South America.⁷²

Defensive and developmental aims in the South

Conversely, strategic analysts and even some of the governments of developing countries have, for their own defensive and developmental reasons, long recognised the importance of advancing their own bilateral and regional South-South strategies alongside the single paradigmatic 'multilateral trade' logic of the WTO and, potentially, outside of the 'single integrated open global economy' being promoted and imposed. Regional co-operation strategies are in fact the most common of the range of South-South strategic options being pursued by developing country governments. The Caribbean Community (CARICOM) goes back to the late 1980s, and others were

developed, significantly, precisely as 'the multilateral trade system' was being consolidated through the UR. For example, the MERCOSUR customs union agreement was signed in 1991 and the previously loose Southern African Development Co-ordination Conference (SADCC) was expanded and upgraded to the Southern African Development Community (SADC) in 1992.

There are now dozens of regional co-operation programmes underway in many spheres between various groupings of countries in Africa, in the Caribbean and Latin America, in South and South-East Asia.⁷³ Whether they recognise their own full potential or not, these are, in many ways, the most 'natural' and the most 'practical' of all the South-South strategic plans for the enhancement of actual and potential relations among themselves. Regional programmes of co-operation and co-ordination between neighbouring countries reflect the influences of shared histories, cultures and populations, especially in Africa and South America. Regional strategies also recognise the concrete realities of shared geography and topographies, climatic and environmental challenges, and common natural resources such as wild life and forests, wetlands and flood plains, rivers and lakes, oceanic waters and coasts. They are also linked through formal commercial relations and, even more extensively, through 'informal' cross-border trade flows, as well as through politically and economically-driven movements and migrations of people across their common borders. In fact, the most unnatural features of these regions are the artificial political boundaries drawn by colonialism, randomly cutting across ecological and economic systems and pre-existing societies, cultures and peoples. Undoing these arbitrary and divisive lines has long been central to the arguments and visions of 'Bolivarian' pan-Americanism and the political prophets of pan-Africanism.

Economic arguments and practical plans

Over the years - whether on the basis of elevated principle, or hard practical necessity and sheer pragmatism - cross-border co-operation has been increasing and extending to more areas and sectors, and raised to higher levels of importance under adverse local and national circumstances, and threatening regional and global economic and political pressures. Strategic analysts view regional programmes for the concerted promotion of greater intra-regional trade as an important way to build the respective local and national economies. Furthermore, increased intra-regional trade is also seen as a significant strategy to reduce their exposure to the instabilities and fluctuations of international trade, and the contrived impediments and objective competitive counter-pressures they face in foreign and far markets. Lower transport costs and the advantages of much larger combined regional markets could open up more conducive trade opportunities and stimulate local producers. The economies of scale in combined regional

infrastructural projects would contribute further to economic expansion and development. Similar advantages of scale could be gained from complementary and even combined production programmes, bringing together the respective resources and comparative advantages of the regional partners, and premised on the necessity for greater productive diversification and capacity distribution within and between these countries.

In these and other ways, such regional groupings could achieve wider and deeper development and higher levels of economic self-reliance. This would generate both greater economic capacity and confidence and reduce their external dependence and vulnerabilities. A greater degree of combined self-sufficiency (which is not the same as total economic autarchy!) would, in turn, enable all the countries within such regional groupings to engage within, or with, or against, the global economy from far stronger economic bases than any one of them could achieve alone. This would apply even to the rather more developed individual economies amongst them; and this certainly includes South Africa.

Political gains and means

In addition to the many economic advantages of practical co-operation and co-ordination, and policy harmonisation within increasing regional market integration, there are also important political advantages to be gained from the creation of such South-South regional blocs. These could provide the far stronger *political* bases for all their member states, whether in combination or individually, to engage more effectively with the challenges of the global economic system and the global institutional regime, and against powerful external political forces. For example, the high-profile role and influence in the WTO negotiations by the multiplicity of small island nations in the Caribbean, with CARICOM at its core, is due in large measure to their regional research and planning structures, agreed joint negotiating positions and co-ordinated interventions.⁷⁴ At the same time, intra-regional economic and political programmes and institutions, and appropriate political modalities and principles, can be developed for national and intra-regional conflict/dispute resolution. Means could be formulated, negotiated and implemented together to deal with internal/national and intra-regional political, economic, social and environmental problems and other very direct common concerns, as they arise.

These are the multifaceted, far-sighted and ambitious political and economic aims and visions informing most of the South-South regional co-operation projects underway. Some of these are within ambitious plans for full regional economic integration. Others even foresee eventual political union. Not all of them are that comprehensive or ambitious. Not all are advancing as smoothly and rapidly as planned and required.

Mercosur

Some, such as the huge four nation common market in South America, MERCOSUR, is attracting new members and associate members, evincing a new dynamism and playing a strategic role in the hemisphere of the Americas and globally.⁷⁵ There are, however, also tensions within the region over the preponderance of the Brazilian economy at some 40 per cent of the combined GDP of this South American regional grouping, as well as suggestions of Brazilian hegemonic ambitions and even sub-imperialism. There are also other more specific cross-border issues and tensions among other participating countries. It is significant that the governments involved in such inter-state disputes insist that these are simply part and parcel of the process, must not prejudice and will not stop the longer-term aims and more fundamental objectives.⁷⁶ Nonetheless, these tensions are real and have to be dealt with not merely through piecemeal 'dispute resolutions', but through appropriate policy changes and in the conceptualisation of the nature of the region and its active upgrading beyond a mere 'customs union', towards a fuller development community.

ASEAN

Another potentially powerful regional grouping is the Association of South East Asian Nations (ASEAN). The full intra-regional potential and plans of ASEAN had been somewhat sidelined in recent years by its own member states. In the euphoria of the new 'global economy' opening up, most of the stronger ASEAN states were energetically pursuing their own unilateral paths and bilateral relations with governments and economies outside of their regional grouping. In addition to their long relations with Japan - and increasing focus on China in more recent years - a major part of the economic orientation of ASEAN was also outside of Asia, as they focused much of their production and external trade on the rich consumer markets of the US and the EU. The tensions between the interests and aspirations of many of the ASEAN states and those of the US and the EU, as evident also in the WTO processes,⁷⁷ is now reportedly encouraging the governments of this Asian grouping to revitalise and expedite their earlier regional plans. Here too, there are markedly different levels of economic development among the ten participating states - from the most highly developed Singapore, to rapidly industrialising economies such as Malaysia; the large but still mainly agriculture-based developing states, such as Indonesia and the Philippines; and the various LDCs of the South East Asian mainland. The current key question is whether this accelerated integration is simply going to be based on deepened and more extensive trade and investment liberalisation, which will undoubtedly be to the greater advantage of the stronger participating economies and their companies.

SAARC

Other regional groupings of the South, such as the seven-nation South Asian

Association for Regional Co-operation (SAARC) are equally uneven in the size and levels of development of their member states. In fact, SAARC seems to amount to little more than the attachment of the surrounding smaller economies to their overwhelming regional giant, India. There does not seem to have been much progress in recent years even on intra-regional trade negotiations, although there are provisions for a SAPTA (preferential trade area) and a SAFTA (free trade area). This low prioritisation and slow progress is probably largely due to many Indian companies, and the Indian government being more focused on the competitive positioning of the country and its transnational companies and investors in the global economy. The co-operative potential of the countries of the sub-continent is also complicated by a number of cross-border tensions and national conflicts, and the role of India as the regional hegemon in, or in relation to, these conflicts.

Africa and SADC

The African Union is planned to be composed of a number of 'regional building blocks'. However, regional instabilities and potential regional economic and political dynamics, as in SAARC, can be observed in the equivalent situation in the West African region, in the context of the economic and demographic dominance of Nigeria. This is further complicated by the currently unstable situations within and across borders of various members of the regional Economic Community of West Africa (ECOWAS). While the Southern African Development Community (SADC) does not face internal conflicts of the same order as West Africa, or Central-East Africa and the Horn of Africa, SADC does face the overflow effects of major sources of instability elsewhere on the African continent. This is inclining South Africa, as the regional power, to slide into the role of regional peace-keeper; with the powers of the North emphasising the structuring and functioning of SADC's as a regional 'stabilisation' project, on the argument that this is essential to reassure and secure more international investment. SADC does contain its own lesser but significant sources and levels of internal/national political and social tensions,⁷⁸ but intra-regional tensions within SADC also include economic rivalries and national(ist) resentments. This is particularly true with regard to the overwhelming economic preponderance of South Africa, which accounts for some 70 per cent of the combined regional GDP, accompanied by suspicions in the rest of the region (and Africa) about South Africa's hegemonic ambitions and sub-imperialist interests.

Some key strategic questions and challenges

There is enormous geo-economic and geo-political potential for these regional groupings of countries of the South in their officially declared aims and objectives, as well as in their actual plans. At the same time, there are also objective economic differences and 'subjective' tensions among them, carrying political and social consequences which

have to be considered. Trade unions, for example, well established at a regional level, already formally recognise, and are taking steps to address, the adverse implications of the grossly uneven levels of development within and between the respective economies and within and between their respective trade union organisations. There are also many regional networks of NGOs in all sectors and on all issues, as well as regional social movement alliances. Effective 'regional spaces' could be secured in the 'global' economy within which to shape 'people-driven' regional development and, at the same time, to strengthen the potential of South-South inter-governmental regional and inter-regional alliances to challenge the dominant global economic regime. Popular regional and inter-regional alliances can develop an informed strategic perspective on how to plan and actively engage on these challenges.

Prospects for a comprehensive (re)balancing of development

Will the governments of the larger and/or economically stronger countries within these South-South regional groupings have the far-sightedness to look beyond the trade-and-growth paradigm currently dominating the world? Will they look beyond even the more accommodating 'preferential' trade arrangements, because these, too, require more than trade facilitation to produce equitable returns between trade partners of different size and at very different levels of development. The political and policy response has to recognise that the gains from trade relations between uneven partners will accrue mainly to the strong(er) and not the weak(er) enterprises and economies involved, and will reinforce the current imbalances unless they build into their regional agreements: other balancing and corrective measures within their regional trade agreements including asymmetrical obligations and adjustments by the stronger, and special and differential rights for the weaker; plus

- various flanking provisions and supportive financial instruments and specialised funds particularly for the weaker countries or sectors;
- practical programmes in infrastructural, production and other spheres that go well beyond only trade promotion; and
- clearly defined developmental principles and standards, 'performance criteria' and commitments for all exporters/importers, producers and investors, whether they originate from within or outside of these regions.

Such a deeper and more comprehensive approach - based on multifaceted and multi-sectoral regional cross-border co-operation and development aims and regulatory instruments - will only be possible on the basis of extensive and ongoing inter-governmental negotiations. Such complex inter-sectoral co-operation, and re-distributive programmes among member countries, towards disadvantaged sub-regions and social sectors, and oriented towards more equitable outcomes cannot be left up to blind 'market

forces' to produce and dubious 'trickle down' effects to deliver.

Equally, it is only through such enabling and deliberated (re)balancing arrangements, and inclusive democratic negotiations between all the governments involved, large and small, more and less developed, that the hegemonic tendencies of the strong will be countered, and the sub-imperialist accusations against them will be put to rest. Real developmental and distributive programmes would provide the solid economic underpinning to political efforts by regional labour and broader social forces to counter the current and growing imbalances within and between the member states of such regions. But, as always, in such regional negotiations as elsewhere, the weak(er) have to form their alliances in regional negotiations to counter the power of the strong(er). Such alliances have to include not only governments but all organised social forces.

Resolving internal tensions

Such ambitious and innovative regional strategies will not be simple and will take time to conceptualise, create, negotiate and implement. Undoubtedly, further complications will be caused, too, by many contrary 'subjective' tendencies within the participating countries. These include the political and economic vested interests of the political/bureaucratic elites in the *status quo*, and their reluctance to cede any of their 'national sovereignty' rights (and political powers and patronage resources) to the oversight and 'interference' of regional structures and entities, even where these have been set up democratically through inter-governmental negotiations.

There are also competing trade and investment interests among the various national business forces in these countries. The opportunistic recourse to national(ist) posturing by political and economic elites, in defence of their own class interests, can even encourage competitive or actively hostile attitudes towards other regional citizens amongst their respective populations - as is evident in many countries in the South.⁷⁹ These political problems and social tensions are not insurmountable, but much will depend upon the will and capacity of the labour organisations, popular social movements and other progressive forces within these countries and regions to counter such tendencies and build regional peoples' solidarity and mutual development.⁸⁰

Preventing external interventions

Even as people-to-people processes and regional organisations and initiatives are being developed, and inter-governmental planning and negotiations get underway, contradictory external forces are intervening pre-emptively to shape the content and direction of the regional co-operation strategies of the countries of the South. To ensure that these

preferential trade and mutual developmental regions do not 'discriminate' against international exporters and expansionary global production and service corporations from the more developed economies, the World Bank and the IMF have been marshalled to ensure that these South-South co-operation projects are structured as 'open regions'. What this means, in practice, is the extension of existing national trade and investment liberalisation programmes to the regional level. In this way, it is argued by the World Bank,⁸¹ they will be built as regional 'stepping stones' to assist all the member countries to 'integrate' more effectively and/or collectively in the global economy. The WTO, in turn, imposes similar conditions and constraints on alternative regional arrangements that depart from global liberalisation requirements.⁸²

Further liberalisation pressures are also being externally imposed on these potentially developmental and transformative regional projects by governments of the North. This is especially the case with the US and the EU through their parallel and competing FTA offensives under various guises. For example, both the US and the EU are targeting MERCOSUR in South America, while the EU is wielding its so-called Economic Partnership Agreements (EPAs) against CARICOM and SADC and other putative regional economic communities in Africa.⁸³ The blatantly self-serving nature of these so-called free 'trade' agreements - but incorporating also a host of further liberalisation and privatisations - from the major powers into emerging regions of the South are alerting labour and popular social organisations on the need to build more active national, regional and inter-regional engagements amongst themselves to oppose such interventions,⁸⁴ and to challenge regional inter-governmental tendencies to succumb in that direction.⁸⁵

Regional *re*-positioning and *de*-globalisation ... towards alternative sustainable system(s)

Despite all the external, and some internal counter-pressures, countries of the South have a much greater potential to develop within their respective regions, through creating different development modalities, and contributing to the emergence of more equitable relations and co-operative development models. These regions could even contribute towards challenging the single dominant neo-liberal capitalist model now being imposed on the whole world under the rubric of 'globalisation'. The example of the tri-lateral mutual support between Cuba, Bolivia and Venezuela, and the practical potential of their proposed Peoples' Trade Agreements - albeit as yet somewhat *ad hoc* and narrowly focused - raise such prospects.

Through mutual inspiration and example, in concrete practice and in real economic outcomes, South-South regional development co-operation agreements and alliances

will enable developing countries to engage more strongly and effectively with/in the global economy. This means that the consequently stronger economies and peoples in stronger regional communities will be able to reposition themselves collectively and more advantageously in relation to the currently distorted and dangerous global regime. Such a reconfiguration of global economic relations could actually contribute to broader processes of *deglobalisation*.⁸⁶ This would be

- both in the literal, practical sense of creating a range of more varied sub-regional and continental economic and political entities within which diverse and appropriate economic and social programs can be democratically developed and applied,
- and, therefore, in the conceptual sense as well, challenging the idea and the currently dominant neo-liberal 'globalist' theories promoting one single model of unfettered capitalist systems and modalities in a 'single' 'integrated' 'global' economy.

CONCLUSION | TOWARDS A MULTIPOLAR WORLD - POLITICALLY AND ECONOMICALLY

The above South-South strategic alternatives are not the only or the only possible joint strategies to be pursued by developing countries. They are not 'alternatives' to one another but rather pose potential alternatives to the current global economic system and regime, and against the dominant powers. But, although these alternative strategies are not mutually exclusive, they do pose questions about their relative utility and effectiveness, and how these strategic initiatives relate to one another; how they can best be integrated, or co-ordinated or alternated, and how they can be carried forward and further more effectively.

What all the above South-South initiatives also point to is that there are significant international developments and alliances being created between developing countries that are not based simply on the broad polarities of the past. Nor are these initiatives simply defensive responses to the more recent patterns and expressions of uni-polar power, and the exertion of unilateral pressures and force by the current 'super-power'. These South-South initiatives are significant, in their own rights, and signal more proactive engagements by the developing countries of the world between themselves, as well as in relation to the global system and power regime.

The world and global institutions are, indeed, still dominated by the global 'super-power', although characterised also by the more complex patterns of collaborative and/or conflictual relations between the US and the EU (as the 'second league' global power). But it is no longer adequate or accurate to depict a simple unipolar or even bipolar global system of power. Nor is a new global power scenario only posed by the emergence of China as a future global super-power, and India and Brazil as other sources of economic and possible political power.

Even these last two broader scenarios, incorporating selected larger countries of the South, still depict and pose future power relations in simplistic terms; whereas a new complex multipolar system of global political power(s) and global economic relations is gradually emerging. This is genuinely multipolar in political power in that it comprises multiple combinations of countries in different organisations, and includes innovative forms of collective power. In addition to what is being hailed as the "re-launch of the Non-Aligned Movement",⁸⁷ as the all-inclusive political platform of all the countries

of the South, there are now also:

- new forms of inter-governmental political and economic alliances between the larger and stronger countries of the South, as indicated in the case of the India-Brazil-South Africa (IBSA) alliance;
- new forms of combined strength and collective positioning by the much greater number of smaller and economically weaker countries of the South, as evident in the G-90 in the WTO, and even in the LDC group in the UN;
- new forms of economic and political co-operation between richer and poorer countries on the basis of their shared political/ideological options, such as between Bolivia, Cuba and Venezuela;
- new forms of co-operation and co-ordination between all these very different sets of larger and smaller countries of the South within their different frameworks of joint or collective power, as with the cross-cutting 'alliance of alliances' in the WTO;
- new forms of *non*-governmental power; that is, between popular social/sectoral organisations and issue-based networks across the South, *and* cutting across the divide between South and North.

Ultimately, and to reiterate the theme constant throughout this analysis, it is only through such alliances and multiple changes in the global balance of forces that qualitative economic, social and environmental changes will be possible. It is only through changes in the balance of power between governments North and South, and South-and-South, and changes in the balance of power between organised popular power in relation to governments, that systemic changes will be created and implemented. But changes in the balance of political power require real changes in global political *and* economic power. On the one hand, this entails changes in the power relations between elected and accountable governmental powers and un-elected unaccountable corporate power. On the other hand, changes in the global balance of economic power, in turn, require changes in the economic bases and economic alternatives possible within and through national/regional and inter-regional alliances of countries and peoples.

All such challenges are essential for the thorough-going systemic challenge to uncontrolled, unconscionable globalised capitalism. A different system or different systems are essential not only for the peoples and developing countries of the South, and for different co-operative and equitable relations between the peoples and countries of the South and the North, but between them all for the sustainability, stability and very survival of our common planetary ecosystem and shared planetary home. This, in turn, will require more far-sighted and decisive government strategies, and more decisive governments, above all in the South. It is these countries that contain the majority of the world's population and it is the majority of citizens of these countries who are the main victims of the currently dominant global economic system. This is the political

challenge posed to the peoples' organisations in these countries and regions, and thus for South-South Peoples' Strategic Alternatives.

NOTES

¹ Some indication of the size and power of global corporations is the fact that if the hundred largest 'economic entities' in the world today - that is both countries and corporations - are listed in order of economic size, more than half of these would be corporations, some larger than even sizeable economies and rich countries such as Norway. See Corporate Europe Observatory (CEO) Amsterdam - www.ceo.org

² This is not to suggest that financial levers and controls are no longer part of the arsenal of the global system. Not does the overall focus of the analysis in this paper imply that the IMF and World Bank do not continue to play central roles in the assemblage of global government institutions .

³ Many FTAs and BITs are already in existence, but largely out of public sight.

⁴ The Director General is specifically chosen for his 'reliability' in the eyes of the major powers, as in the case also with the leading executive figures in the IMF and the World Bank, as well as the occupants of the positions of UN Secretary General and Deputy Secretary General. The same controls are also being asserted through the - less public but effective - targeting of UN socio-economic agencies to be headed by figures considered 'reliable' by the US government.

⁵ The many inadequacies, inconsistencies and imbalances in the UR terms were designated as 'implementation issues' because they mainly became evident as governments tried to faithfully 'implement' them and, hence, examined more closely the terms of the agreements that they had already signed onto. The problems they identified within the URAs soon came to number more than one hundred large and small issues requiring 'review, rectification and reform', as it was often expressed; although many informed and engaged NGOs added proposals also for the definitive 'removal' of some of the most blatantly tendentious of these terms.

⁶ Minister of Trade Alec Erwin opening speech at the Civil Society Consultative Conference, in Midrand, August 1999, in the lead-up to the WTO Ministerial in Seattle. See also Dot Keet "South Africa's Official Position and Role in Promoting the World Trade Organisation", AIDC, Cape Town, May 2002.

⁷ For a fuller analysis on the positions and the countries participating in these and other tactical groupings see Dot Keet "Challenges and Strategies Post Hong Kong", AIDC Economic Policy Paper #8, April 2006.

⁸ These groupings variously included Kenya, Zimbabwe, Nigeria, Uganda, Tanzania, Zambia and Botswana, and to a lesser extent Ghana, Mauritius, Senegal and Egypt; see AIDC, *op. cit.* (note 6).

⁹ When the G-22 was formed just before the Cancun Ministerial in September 2003, it included countries such as Bolivia, Chile, Colombia, Costa Rica, Ecuador, El Salvador and Guatemala; most of which withdrew soon after Cancun under pressure from Washington.

¹⁰ See AIDC, *op. cit.* (note 7), pages 32-34 and Appendix B.

¹¹ Although Japan is another notorious agricultural subsidiser and protectionist economy.

¹² By the time of the Hong Kong Ministerial Conference, in December 2005, this had expanded to at least fourteen, namely Benin, Botswana, Congo, Cote d'Ivoire, Kenya, Madagascar, Mauritius, Mozambique, Nigeria, Senegal, Tanzania, Uganda, Zambia and Zimbabwe; see AIDC, *op. cit.* (note 7), pages 30-32 and Appendix A

¹³ Bolivia has also since joined the G-33, which now numbers some forty five countries in all.

¹⁴ Although actually numbering some sixty four countries, due to simultaneous country memberships in the various constituent groupings in the G-90, and the fact that only 41 of the 54 African countries are members of the WTO.

¹⁵ Others of these controversial 'new issues' being pushed by the majors were government procurement, competition policy and so-called 'trade facilitation'; see AIDC "What is the Significance of Cancun", WTO Briefing #4, Cape Town, 2003.

¹⁶ See the comprehensive and authoritative analysis of "South-South Co-operation in the Multilateral Trading System: Cancun and Beyond", Working Paper #21, May 2004, by the inter-governmental policy research and strategy institution The South Centre in Geneva.

¹⁷ The US adamantly opposes all such STEs (State Trading Enterprises) even in countries such as New Zealand and Australia; whereas US federal and state authorities use their own more indirect forms of governmental support to their farmers and other producers.

¹⁸ For many developing country governments this will also entail getting out from under the policy controls set by the IMF and WB over their public revenues and expenditures, and particularly against public subsidy programmes.

¹⁹ This grouping actually numbers about 19. A number of Latin American countries left the group soon after Cancun under US pressure, although three African countries have since joined : Nigeria, Tanzania and Zimbabwe. It must also be noted that the G-20 within the WTO is an entirely different grouping of countries than the more recently formed 'G-20' operating within the processes of the IMF and the World Bank.

²⁰ See AIDC, *op. cit.* (note 7).

²¹ But which also include large-scale transnational agri-corporations operating in these countries, especially in Brazil.

²² "Solidarity of the core countries of the South, on the issue of negotiations on agriculture, needs to be recognised as only part of the wider processes of forging the soli-

parity of the South. Whatever may be the tactical and diplomatic considerations obliging the leading countries of the G-20 to underplay this aspect in a specific negotiating context, the objective reality as it has been emerging in the post-Seattle era cannot be ignored" - S.P. Shukla, former Ambassador for India at GATT, 1984-1989, "Emerging South solidarity needs strengthening through GSTP", Third World Economics, #320-321, Penang, Malaysia, January 2004.

²³ In the case of South Africa, agriculture accounts for less than 3 per cent of GDP although almost 10 per cent of employment.

²⁴ See Dot Keet "Further Industrial Tariff Liberalisation through the WTO", pp 12-15, AIDC, Cape Town, July 2005.

²⁵ These were Argentina, Brazil, Egypt, India, Indonesia, Namibia, Philippines, South Africa, Tunisia and Venezuela

²⁶ See Keet, op. cit. (note 24).

²⁷ See Dot Keet "Towards the WTO and Beyond", pp 14-15, AIDC, Cape Town, November 2005.

²⁸ See Keet, op. cit. (note 6), page 38-43.

²⁹ Whereas others insist that the Doha Round could only be designated as a 'development' round on the basis of its real -eventual - development-enhancing outcomes, if at all.

³⁰ Even WTO Director General Pascal Lamy was prepared to state at a press conference in Geneva in the immediate aftermath of the impasse of 24 June 2006, that some of these "rules are unfair". But this was directly linked to his argument for the necessity to therefore get the Doha negotiations back on track, without which such "unfair rules" would not be corrected.

³¹ Above all, the international Third World Network, headquartered in Penang Malaysia, but also the economic policy and globalisation unit in UNCTAD, and the intergovernmental South Centre in Geneva, amongst others.

³² See also section 3.

³³ At one period including a European country, Yugoslavia. And now formally numbering 118 countries.

³⁴ Such as the NAM summit declaration "The Jakarta Message: A Call for Collective Action and the Democratisation of International Relations", Jakarta, September 1992.

³⁵ The positive potential but also questions about the role of this Grand Alliance in the Hong Kong ministerial in December 2005 are analysed more fully in Dot Keet, op. cit (note 7), pages 32-38.

³⁶ See also the end of section 4.

³⁷ Most notably, the Congress of South African Trade Unions (COSATU) and its trade union ally the Central Única dos Trabalhadores (CUT) in Brazil.

³⁸ See Dot Keet, "Alternatives to the WTO regime - A discussion paper on tactics and strategies", AIDC, Cape Town, November 2000

³⁹ The WTO is non-inclusive not only in its overall functioning but in its very membership. Entry into the WTO is not by right for all countries but has to be negotiated with and agreed by the major powers, especially the US. The current 149 member states in the WTO exclude almost forty countries, including Russia, and a dozen in Africa, not all of these by choice.

⁴⁰ This was explicitly and controversially expressed in the text that the major powers and WTO promoters attempted to impose in the World Summit on Sustainable Development (WSSD) in Johannesburg, 2002.

⁴¹ This is also the argument as to why other putative powers, such as China and Russia, are not members of this alliance.

⁴² Brazil and South Africa also have the dubious distinction of being amongst the most unequal societies in the world in terms of *Gini coefficient* measures; that is, their internal income distribution, which is a much more telling indicator than the overall size of national GDP or even average national per capita income.

⁴³ Amongst other things, such a government-supported public-private project might be challenged in the WTO by the US or the EU, as has already been done to other such government-supported manufacturing projects in countries of the South because they are alleged to threaten to compete 'unfairly' with the highly industrialised countries' corporations.

⁴⁴ "Trade: Brazil, India, South Africa ties to soar", South-North Development Monitor (SUNS) #6092, 18/08/2006.

⁴⁵ An editorial entitled "The Future of IBSA" in the *Business Day*, Johannesburg, 15/09/2006, concludes with the injunction that "Alliances need to be forged with the business communities in the three countries if there is to be any real progress made on IBSA's initiatives."

⁴⁶ Internationally ambitious Indian service corporations have, for example, persuaded the Indian government to join some of the 'plurilateral' groups of *demandeurs* in the WTO that are demanding market access rights under the WTO's General Agreement on Trade in Services (GATS), and these demands are even targeted at South Africa and Brazil (and Argentina and Uruguay which are joint members with Brazil in MERCOSUR), as well as China and various other developing countries.

⁴⁷ Report by Paranjy Guha Tharkuta for IPS, in SUNS #6092, 18/08/2006 - on a meeting between the South African Institute of International Affairs (SAIIA), Business Unity South Africa, Consumer Unity and Trust Society (CUTS) from India, and the Institute for International Trade Negotiations (ICONE) from Brazil.

⁴⁸ There is also a simultaneous proposal for the 'other' G-20 operating within and in relation to the IMF and World Bank - and including Australia, Brazil, China, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa, South Korea and Turkey - to assume the role hitherto ascribed to the G-7 of most developed countries, and to do so in combination with them. See "It's time for the G-7 to step aside and make way for

a more representative G-20" in *Sunday Business Report*, South Africa, 17/09/2006.

⁴⁹ This was particularly evident in the official visit by President Lula to South Africa and other countries in the region in 2004, accompanied by a huge Brazilian business delegation out to garner profitable business deals for themselves. See "Brazil courts African countries", *Business Day*, Johannesburg, 09/02/2006.

⁵⁰ This may also be suggested in China's participation, although not very active role, in the G-20 and the G-33 in the WTO, and in its co-operation with the G-77 developing countries in the UN. Such essentially *political* positionings - over and above its bilateral trade, economic, financial and diplomatic relations with other developing countries - might be a reflection of an as-yet emerging geo-political strategy being developed by China in relation to the rest of the South, and the North.

⁵¹ And to some extent more recently, even playing on the rivalries between the US and the EU, and Japan!

⁵² These include the Peoples Dialogues already under way between popular organisations in Brazil/MERCOSUR and South Africa/SADC, and their proposed extension to their counterparts in India.

⁵³ This is the so-called Most Favoured Nation (MFN) non-discrimination principle requiring that the same treatment and rights be accorded to like-countries. Conversely, this means that MFN cannot, in principle, be applied to relations between countries at very different levels of development.

⁵⁴ GSTP Committee estimate, Geneva June 2004, reported in SUNS, 1/06/2004.

⁵⁵ UNCTAD Secretary General, Rubens Ricupero, speaking at the launch of the Third Round of GSTP parallel to UNCTAD XI, in Sao Paulo, Brazil, 16/06/2004.

⁵⁶ S.P. Shukla, former Ambassador for India at GATT, 1984-1989, 'Emerging South solidarity needs strengthening through GSTP', *Third World Economics*, #320-321, Penang Malaysia, January 2004.

⁵⁷ Report on launch of GSTP Third Round, SUNS #5594, 14/06/2004

⁵⁸ Reported by Martin Khor in "South leaders launch new GSTP round in optimistic mood", *TWN Report*, Sao Paulo, Brazil, 17/06/2004.

⁵⁹ See Khor, *op. cit.* (note 58)

⁶⁰ This has long been evident even with the 'preferential' market access into Europe accorded to the African Caribbean and Pacific (ACP) members of the Lome Convention by their big brother 'partners' in Europe.

⁶¹ President of Bolivia, Carlos Diego Gisbert, speaking at the re-launch of the GSTP, stressed that "We need South-South relations which would not repeat the problems of North-South relations", quoted in SUNS #5594, 14/06/2004

⁶² A 'butterfly' concept for South Africa's global positioning is often employed by South African trade strategists - with one 'wing' spreading out east into Asia, the other west into Latin America, and with the 'head and antennae' pointing into the rest of Africa.

⁶³ Although trade unions also need more fully informed positions and to assume

responsibilities in this direction for the entirety of their national economies and for all their people - unionised or non-unionised, employed and unemployed, urban or rural.

⁶⁴ For example, "There is no substitute for the WTO and the multilateral trade system..." Brazilian Foreign Minister Celso Amorim speaking at a press conference in Geneva on 24 June 2006 in the immediate aftermath of the collapse of the Doha Round negotiations.

⁶⁵ See, for example, UNCTAD Trade and Development Report, 2005.

⁶⁶ See, for example, Mark Weisbrot and Dean Baker "The Relative Impact of Trade Liberalisation on Developing Countries", Center for Economic Policy Research. Washington, June 2002.

⁶⁷ Identified as "South African" international trade agreements with these countries although South Africa is formally a member of the Southern African Customs Union (SACU) and the members are all indirectly and directly affected by any agreements that South Africa signs with others. South Africa's engagement of the rest of SACU in such negotiations is also often rather token.

⁶⁸ Even these rules are not necessarily observed - as is borne out in the evasion by the US of rulings made against it by the WTO Dispute Resolution body.... let alone US defiance of other international law such as the Geneva Conventions!

⁶⁹ See note 5 above

⁷⁰ See "Multi-track strategies of the major powers on, and against, regional integration", AIDC Regional Briefing #4, Cape Town, 2004.

⁷¹ *Sunday Times*, Johannesburg, 31/07/2006

⁷² See *Sunday Times*, op. cit. (note 71).

⁷³ The WTO states that there are some 200 regional agreements world-wide, covering some 50 per cent of global trade; see *Sunday Times*, op. cit. (note 72)

⁷⁴ It is, in contrast, noticeable that the SADC countries do not act together, as such, in the WTO. This is undoubtedly due in large measure to the differing interests - but also the differing position and strategies - between South Africa and the rest of the SADC states in the WTO.

⁷⁵ For example, in leading the resistance against the United States' offensive drive to extend its North American regional base into a vast Free Trade Area of the Americas, the highly contested FTAA; although this governmental resistance was, itself, spurred by the Hemispheric Social Alliance of many hundreds of labour, social, environmental and other popular organisations across the Americas mobilising and representing many millions of people.

⁷⁶ It is significant that governments involved in difficult inter-state disputes, such as between Argentina and Brazil in the past and Uruguay and Argentina, more recently, insist that these can best be resolved within and through regional agreements. In this view, such inevitable disagreements will not prejudice the longer-term and fundamen-

tal objectives. See "Growing pains but solidarity endures", SUNS #6072 report on MERCOSUR Summit in Cordoba, Argentina, 21-22 July 2006.

⁷⁷ These especially involve Indonesia and the Philippines and other G-33 Asian countries in the WTO agricultural negotiations.

⁷⁸ The 'overflow' effects into South Africa of the current economic crisis, profound social problems, and political tensions in Zimbabwe being the most acute case in point.

⁷⁹ See "Counteractive forces against regional development strategies in Africa", AIDC Regional Briefing #2, Cape Town, 2004.

⁸⁰ See Southern African Peoples Solidarity Network, "Making Southern African development co-operation and integration a people-centred and people-driven regional challenge to globalisation", SAPSN declaration on the occasion of the SADC Heads of States summit, Windhoek Namibia, August 2000.

⁸¹ World Bank, Africa Region Economics and Finance Division, "Intra-regional trade in Sub-Saharan Africa", Washington, 23 May 1991.

⁸² See "Challenging WTO rules countering regional development strategies", AIDC, Regional Briefing #3, Cape Town, 2004.

⁸³ See Southern African Peoples Solidarity Network, *op. cit.* (not 80).

⁸⁴ These include the highly successful Hemispheric Social Alliance against the Free Trade Area of the Americas, and the 'Stop EPAs' campaign by African, Caribbean and Pacific country organisations and networks.

⁸⁵ One such example is the Southern African Peoples Summit with the aim of 'Reclaiming SADC for Peoples Solidarity and Development Co-operation' held in parallel to the SADC Heads of State Summit in Maseru, Lesotho, August 2006.

⁸⁶ To use the phrase and concept developed by Walden Bello "Why reform of the WTO is the wrong agenda", Focus on the Global South, Bangkok, February 2000.

TNI Alternative Regionalisms

Founded in 1974, TNI is an international network of activists and researchers committed to critically analysing current and future global problems. Its goal is to provide intellectual support to grassroots movements concerned about creating a more democratic, equitable and sustainable world.

The TNI Alternative Regionalisms programme aims to address the question of alternative development from the perspectives of social movements and regional coalitions of civil society organisations in Africa, Asia and Latin-America and seeks to effectively influence the shape and substance of regional governance in the South. It facilitates cross-regional exchanges on a South-South basis, as well as with counterparts in the North, particularly those working on EU and US strategies vis-à-vis the regions of the South. It links campaigners and researchers in the development of policy alternatives in the areas of trade, investment and socioeconomic development, water and energy privatisation, sustainable environment and security and peace. The programme is a joint initiative with the Alternative Information and Development Centre (AIDC, South Africa), the Brazilian Institute of Social and Economic Analysis (IBASE) and Focus on the Global South (Thailand).

For further information about the programme:

Contact Programme Coordinator: bridbrennan@tni.org

Website: www.tni.org | www.peoplesdialogue.org

About the author

Dot Keet is a Fellow of the Transnational Institute, currently a Research Associate of the Alternative Information and Development Center (AIDC) in Cape Town, South Africa; a former Senior Fellow in the Centre for Southern African Studies at the University of the Western Cape (UWC), a former Senior Lecturer in the School of Government (UWC) and, formerly, lecturer at the University of Zambia and the University of Angola.