'LDC Initiative'

WTO offers poorest nations more looting

by Marcia Merry Baker

At the Nov. 30-Dec. 3 World Trade Organization summit in Seattle, one of the proposed initiatives that failed—along with the overall failure to reach any agreement at all—was the "Least Developed Countries Initiative." This proposal claims to act in the interests of 48 designated least developed nations, by proposing more free trade. In fact, the LDC plan is equivalent to prescribing poison to make a patient well.

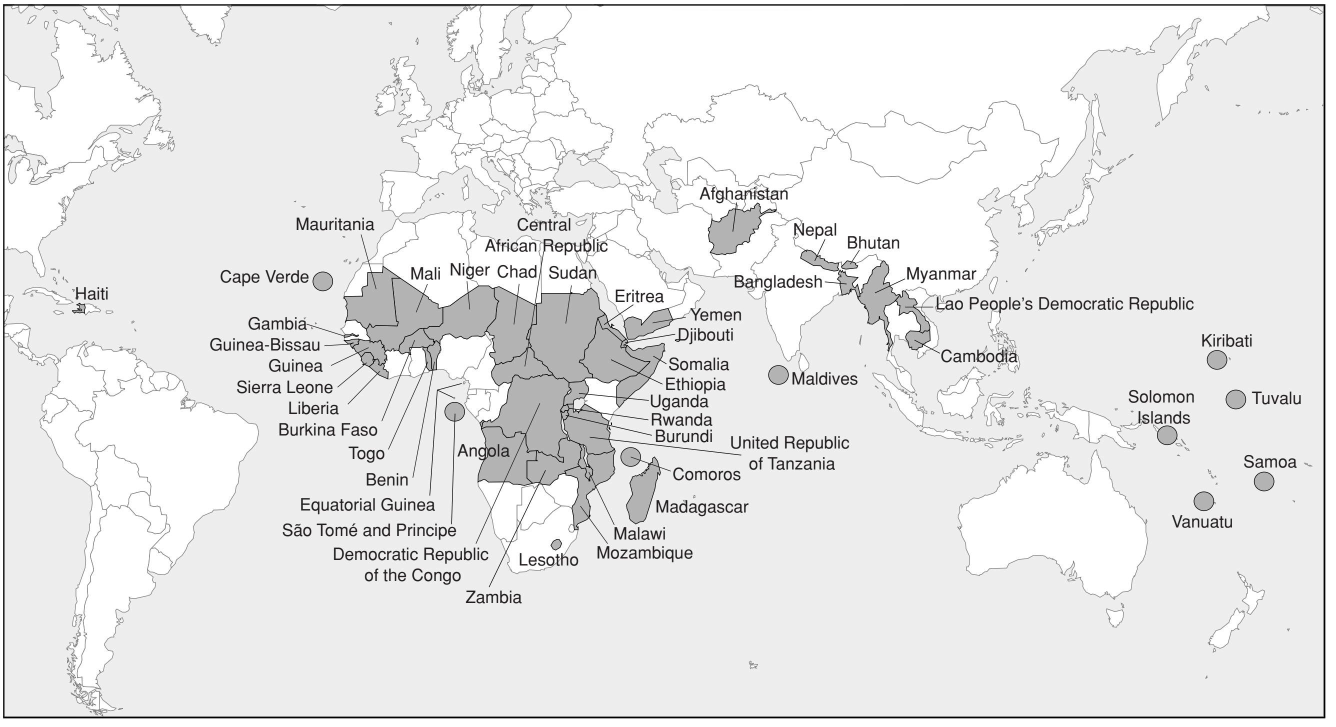
The gist of the "LDC Initiative" proposal was twofold: the group of 48 LDCs should receive the right from the WTO for their exports to enter duty-free into the industrialized, and all other countries; and the WTO should provide funding for "technical assistance," to meet the needs in these 48 nations bearing on expediting their exports. This is to better their economic condition, so the argument goes.

In fact, these nations, whose populations total 600 millions of people, need real aid, not sham arguments. They require food and other humanitarian relief, and also economic development assistance. What is required are in-flows of goods, technology, and collaboration in fostering the build-up of domestic agriculture, industry, and infrastructure to meet the needs for basic existence.

This development policy-based trade would be in the mutual interest of developed and developing nations alike, providing jobs and building economic capacity. Government-to-government commitments, as in the 1950s Atoms for Peace program, are the model.

These kinds of efforts would flow naturally from regional economic development undertakings called for in different parts of the world. The most prominent example is the China "New Silk Road" approach, to run transportation-based development corridors across Eurasia, which would greatly improve prospects for the Asian least developed countries

FIGURE 1
The 48 'Least Developed Countries'

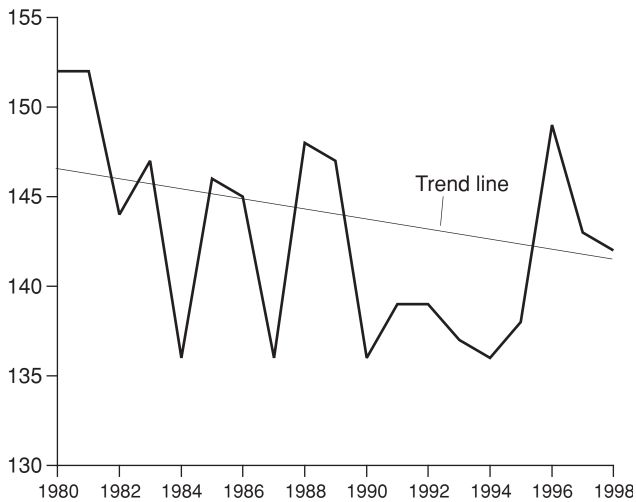


Source: UN Conference on Trade and Development, 1999.

FIGURE 2

Decline and high variability in cereal production per capita in Least Developed Countries, 1980-98

(kg/year)

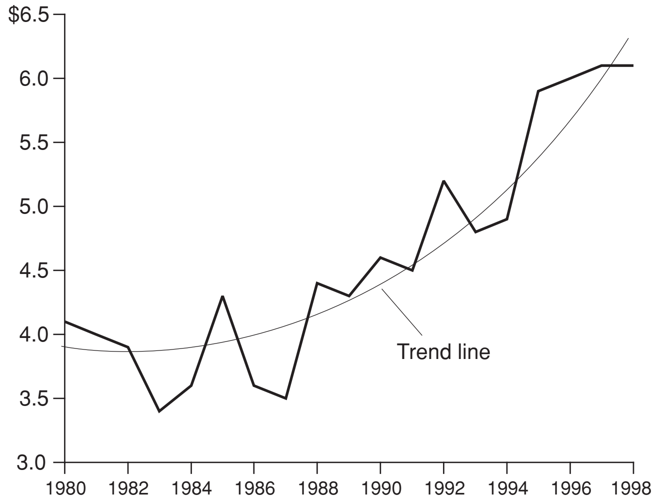


Source: UN Food and Agriculture Organization, 1999

FIGURE 3

Rise in costs of food imports (all types) into Least Developed Countries, 1980-98

(billion $)



Source: UN Food and Agriculture Organization, 1999.

throughout the region—Afghanistan, Bangladesh, Cambodia, and others. This has been well-publicized as Lyndon LaRouche's proposal for a "Eurasian Land-Bridge."

Likewise, in the Middle East, mutual interest water, power, and transportation projects would raise up the economic base and livelihood for Arab and Israeli alike. At one briefing in Seattle, a member of the Israeli delegation said that this direction is their only hope for fair trade in the region, and one such priority project is water management and canals in the north Jordan region.

In opposition to this, the WTO "LDC Initiative" is based on modern-day British East India Company methods. The rhetoric doesn't say this explicitly, of course, but what is proposed is that international cartel companies move in and set up plantations for agriculture or industrial goods in the LDCs, then ship the goods to markets abroad. At best, the LDC might get a little revenue to make payments on debts imposed by the WTO cohort agencies, the International Monetary Fund and World Bank. Technical assistance? In practice, this means some money to set up some infrastructure, such as phone lines and paved roads, so UPS can make shipments.

Financial crisis hits trade

Moreover, because the global financial system is disintegrating, international trade markets are blowing out. When this was raised by *EIR* at a WTO briefing on the LDC Initiative, United Nations Committee on Trade and Development (UNCTAD) Secretary General Rubens Ricupero agreed on the danger of financial turmoil to come. He said, "I fully agree about the danger of the financial crisis and new problems for the trade system." He said that the "root causes have not been addressed." He gave figures of decline in trade volume, saying that countries have been forced into "import compression." While saying that Bretton Woods institutions were useful, he focussed on the problems of the volatility of the financial markets and the role of short-term, speculative capital. "There is no doubt that a new crisis will strike unless we do something," he said.

UNCTAD released a 285-page handbook at the summit, entitled *Future Multilateral Trade Negotiations: Handbook for Trade Negotiators from Least Developed Countries,* which is intended as a resource for aid talks.

The chief sponsors of the LDC Initiative are British, in the direct tradition of empire. Through the wave of mergers, London-centered money and political power are now moving into controlling positions throughout global supply lines of critical economic goods—food, fuels, minerals, precious metals, pharmaceuticals, and so on. British Minister for Trade and Industry Stephen Byers told a press briefing in Seattle on Nov. 29, the day before the WTO opening, that the WTO, if it's serious, will be "putting out a hand" to the LDCs. "If we do that, we will be doing more for them" than through aid. He said that they will gain £12 through trade benefits, for every £1 they got in foreign aid. "All goods from the least-developed countries should be tariff-free—this will help more than all the aid," he said, pledging to work through the British Commonwealth to push this through.

The LDCs are also the most-discussed "cause" of Mike Moore, WTO Director General as of Sept. 1. Moore, from New Zealand, is a member of the Queen's Privy Council, and got the WTO post this year only after a behind-the-scenes scandal campaign was launched against Thai statesman Dr. Supachai Panitchpakdi, who had been expected to assume the WTO position. Supachai was given the second half of a six-year split term—an unprecedented arrangement, which reflected the intense intervention by circles connected to the British-American-Commonwealth banking networks, to see that one of "theirs" would take the office, especially as the financial disintegration, which began in 1997, intensifies.

Moore said at his Sept. 1 inaugural speech, "At our Ministerial Conference in Seattle it is vital that WTO member governments dedicate themselves to finding solutions to problems of the poorest countries."

Figure 1 shows the location of the 48 nations: 33 are in Africa, 9 are in Asia, 5 are island nations in the Pacific, and in the Western Hemisphere there is Haiti. The LDCs grouping was designated by the UN as least developed, based on various economic and other development characteristics. The LDCs' combined population was 600 million in 1997. The average annual per-capita income at that time was about $233, ranging between $90 and $670.

AIDS, food shock, genocide

The most immediate need is for international collaboration on the emergency AIDS and HIV crisis, especially in southern Africa, Haiti, and Asia. In 1998, the nine countries with the highest HIV prevalence in the world were in Sub-Saharan Africa. In Botswana, Namibia, Swaziland, and Zimbabwe, 20-26% of the adult population is HIV-infected. In the nine countries of southern Africa, HIV prevalence is 10% or higher. In Africa, half of all new infections occurred in people age 15-25. With infection rates at such high levels, these countries will lose almost an entire generation to the AIDS epidemic by 2010.

Figures 2 and **3** show the crisis of basic food supplies. Figure 2 shows data from the UN Food and Agriculture Organization (FAO). Cereals (grains of different types) are the source of roughly 52% of the total energy supplies in the daily diet for the 48 LDCs. In terms of simple kilograms of grain produced per capita each year in the 48 countries, there has been, first, a significant *drop* during 1980-98; and second, the *variability* of grain output per capita is extreme. For 29 of the 42 cereal-producing LDCs, less grain is now produced per capita than 20 years ago.

The 600 million people are thus facing more reliance on imports—either food aid, or commercial purchases. In fact, grain aid has not been increasing internationally, while the need has risen. And, imports have become more costly.

Figure 3 shows that during 1980-98, the bill for food imports (grains and all other types of foods) has markedly gone up. The value of imports of food items for LDCs as a whole went from around $4 billion in 1980 up to $6 billion by 1998, more than a 30% increase. Most of the imports are cereals, averaging around 40% of the import bill.

At the same time as countries that are food import-dependent face rising prices for cereals, the amount of cereals they once received as food aid has dropped significantly. FAO figures show a drastic drop, from about 10-15 million tons a year in the mid-1980s, down to only 5 million tons a year in 1997-98, the same as when food aid programs first started up in the 1950s! There was a rise in 1998-99, but relative to need, the increase is inadequate.

What this simple profile documents is *food shock*. The conditions of existence in the 48 countries designated "Least Developed" show the need for an economic mobilization for real development, not a colonialist pitch for "duty free" exports.