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Challenges facing UNCTAD in the International Trade Trends: Before and After the Cold War

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Abstract: The article depicts the situation before Cold War in which developing countries (DCs) and least Developed countries (LDCs) found themselves big loser, as they were deprived from participation in trade negotiation process, leading into establishment of GATT . Therefore, they resorted to UNCTAD as the sole defender of their interests against Developed Countries in trade negotiations. UNCTAD has encountered with some serious challenges since its establishment in 1964. The climax of the challenges were in 1995when WTO was established and coincided with UN reform as well as industrial world opposition to UNCTAD position against them. Finally, the challenges made UNCTAD transform its ideology from confronting with globalization and trade liberalization to partnership for development through capacity building for DCs and LDCs to take more benefit from new international trade negotiations which globalization had imposed. The challenges also compelled UNCTAD to withdraw from its preliminary idealistic ideology of creation of new international economic order. The implication of the challenges also changed UNCTAD from an organization, issuing powerful resolutions against developed countries into a body implementing capacity-building activity especially for the non-member developing and least developed countries of WTO for accession to the organization. This article will answer the main question whether UNCTAD could keep up its preliminary ideology on international trade or faced with serious challenges made it change its ideology and intergovernmental machinery. In addition, it will shed light on the challenges imposed on its three pillars namely technical assistance, independent research and analysis as well as consensus building.

Keywords: Developed Countries, Developing Countries, Least Developed Countries, International trade, UNCTAD, WTO, Development

Introduction

Different factors involved in establishment of UNCTAD, among which the governing political and economic situation before 1964, the mistrust of many countries particularly Latin American countries toward GATT gave a rise

to the motivation among developing countries to set up an international body defending their interest against developed world in trade negotiations. They looked at UNCTAD as an international body in place of GATT through which they could make consensus and ad-

vance their common interests. Accordingly, with developing countries request, UNECOSOC¹ issued a resolution and because of UNGA² resolution, UNCTAD was established in 1964. UNCTAD main work was to achieve development through trade. During its history of work, UNCTAD has strived to create an international enabling environment in which developing countries are able to follow their development agenda based on their priorities.

This paper identifies the challenges UNCTAD has faced since its establishment and analyzes the challenges impact on its Ideology as well as intergovernmental machinery through Conference 1 to 13 which is the most recent UNCTAD conference took place in Qatar, Doha in 2012.

UNCTAD I: 1964-1968, Geneva, UNCTAD Headquarter, Switzerland

At UNCTAD III two major initiatives took place. First was the proposal by Mexico to draft a Charter of the Economic Rights and Duties of States. Second was the proposal by Brazil to prepare a Charter of an International Trade and Development Organization. The latter proposal, which stipulated a possible merger of UNCTAD and GATT, was later debated without success in the TDB during 1973–1975. On the other hand, Mexico's proposal was discussed by an UNCTAD Working Group of governmental representatives, which submitted the draft Charter to the UN General Assembly in 1974(UNCTAD 1974). The Charter was subsequently adopted as the UN General Assembly resolution by vote at its Twenty-ninth regular session (UN General Assembly resolution 3281,1974). The Charter was deemed by the developing countries to constitute an effective instrument towards the establishment of a new interna-

tional economic order. These developments marked a new departure in the North–South dialogue by shifting the emphasis from the improvement of the existing international trade and economic system (those were mainly the objectives of UNCTAD I and II) to the establishment of a new order aimed, inter alia, at achieving economic and social progress of developing countries, and more equal world trade. The underlying ideas were: the emphasis on the significant role played by governments in the development process; and the conclusion that heavy reliance on the free play of market forces tends to increase rather than reduce the existing inequalities among countries. In the area of international trade, special emphasis was placed on a wider application of the principle of non-reciprocity in trade relations between developing and developed countries. At UNCTAD III, UNCTAD was also given the mandate (Conference resolution 82 (UNCTAD III, 1972) entitled Multilateral Trade Negotiations) to assist developing countries to negotiate in the new round of MTNs in GATT which was to be launched in Tokyo later in 1972.

UNCTAD III: 1972- 1976, Santiago, Chile

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UNCTAD IV: 1976 Nairobi, Kenya & UNCTAD V: 1979, Manila, Phillipine

UNCTAD IV and V approximately proposed new ideas with regard to trade issues. The main focus of the Conferences was on commodities (TDB 1976, p.6). However, one of the systemic concerns that drew much attention was the issue of structural adjustment in

the developed countries that means the need for structural changes in their economies could accommodate comparative advantages enjoyed by developing countries so as to enable them to increase their exports to developed countries' markets.

The concept of structural adjustment was nearly related to the policy to avoid protectionist tendencies, emerging despite the conclusion of the Tokyo Round of MTNs in 1979. In fact, during 1981–1992, the TDB held its regular annual meetings in which issues of protectionism and structural adjustment were debated (*Ibid*, pp, 23, 24, and 36,123).

The UNCTAD secretariat also worked closely with developing country delegations during the five years of the Tokyo Round, preparing reports for their use as well as setting up seminars and servicing meetings of the Group of 77. At the end of the Tokyo Round the secretariat came up with its evaluation of the outcome, which set the stage for a major shift in UNCTAD's approach to trade issues. It should be noted that the main developing country achievement in the Tokyo Round was to legitimize on a permanent basis, in GATT, the GSP and the concept of Differential and More Favorable Treatment for Developing Countries (which has come to be abbreviated as Special and Differential Treatment: S&DT)(Beyond Conventional Wisdom In Development Policy , An Intellectual History Of UNCTAD 2004).

UNCTAD VI: 1983, Belgrade, Serbia,

UNCTAD VII: 1987, Geneva, Switzerland,

UNCTAD VIII: 1992, Cartagena, Colombia

During these conferences some issue were brought up among which three of them were the most prominent: the gradual demise of multilateral trading system, the development of the South– South trade cooperation through the Global System of Trade Prefer-

ences among Developing Countries (GSTP); and the decision to establish the World Trade Organization (WTO). Briefly the whole three issues are discussed in the followings:

The Demise of the Multilateral Trading System

There were different elements involved in gradual demise of multilateral trading system but the commencing point traces back to post Tokyo trade negotiations particularly to the speech delivered by the then president of TDB during UNCTAD IV in Nairobi in 1981(UNCTAD 1981). He suggested that while the Tokyo Round of MTNs had resulted in a decline in “conventional barriers to trade”, notably customs duties, “there is now greater reliance upon mechanisms of flexible protection, under which restrictions or other measures can be applied when specific conditions exist”.

In fact, “the interpretation of the various terms used to describe the conditions justifying the introduction of these measures has become an issue of fundamental importance in international trade relations” This provided governments with mechanisms to “manage” trade as well as to control the quantities and prices of imports sold on their domestic market. This situation was aggravated by the decline of the unconditional MFN principle as the “cornerstone” of the multilateral trading system. This fact was seen by the secretariat as an implicit recognition on the part of major developed countries that the original GATT system could not be applied effectively in a universal context. The conclusion made by the secretariat was that different regimes for trade between different categories of countries and within different product sectors were being established, and that the basic rules and disciplines of the system were becoming increasingly irrelevant.

The TDB president’s statement was received with considerable interest and led to a new standing item on the agenda of the TDB, entitled “Developments in the International Trading System”. Under this item a background note on MTNs was prepared for the Twenty-fifth session of the TDB(UNCTAD 1982). This note extended analysis to different areas of international trade relations, including the principles and mechanisms for MTNs, the growing discrimination targeted mostly against developing countries represented by such measures as anti-dumping duties, agricultural protectionism

At UNCTAD VI, the secretariat, in its report to the Conference entitled Protectionism, trade relations and structural adjustment (UNCTAD, 1983), advanced its ideas in a comprehensive manner, including an historical account of The process of erosion of the multilateral trading system (TDB 1983, p7). The report observed: “It is thus possible to trace a consistent pattern within the multilateral trading system towards increased trade liberalization, including through special measures in favour of the developing countries (UNCTAD IV 1983). On the other hand, it is possible to detect a contrary trend, the net result of which has been to alter considerably the character of the multilateral system. The main factors contributing to this trend have been (i) ad hoc solutions in particular sectors, outside, and in direct conflict with the rules, (ii) the introduction and often unilateral application of new concepts, and (iii) the new structure of commitments arising from the Tokyo Round”. Among a long list of proposals for action presented by the secretariat was that of “identifying the content and scope of future multilateral trade negotiations”. Conference resolution 159(VI), “International Trade in Goods and Services: Pro-

tectionism, Structural Adjustment and the International Trading System”, embodied this new perception of the role of developing countries in the international trading system. It implied that the preferential and differential treatment in their favour, mostly of an “autonomous” nature (i.e. given by developed countries on a voluntary basis) was nullified by other policy actions legitimized by the system that effectively discriminated against the developing countries. Thus, it also implied that in the new context developing countries should take a much more active role in GATT and in the new multilateral round which was emerging from the results of the 1982 GATT Ministerial meeting. This resolution identified a series of issues for studies and actions, urging improvement of the GSP and other commitments to provide differential and more favorable treatment for developing countries on the one hand while on the other, targeting issues which had been identified in the secretariat’s documentation as contributing to the erosion of the multilateral trading system such as the misuse of anti-dumping and countervailing duties, the elimination of quantitative restrictions and “measures having similar effect”, as well as the need for “an improved and more efficient safeguard system”. The resolution assigned to the TDB the task of making proposals that would strengthen the trading system with a view to giving it a more universal and dynamic character while fully respecting the principles of most-favored-nation treatment and non-discrimination. This in effect set out the core agenda for developing countries in the forthcoming Uruguay Round of MTNs. The message was clear in that the developing countries should not concentrate solely on obtaining preferential treatment but take an active role in seeking major improvements in the GATT system that would make its provisions more pro-development and

reflect trade interests of developing countries (TDB 1983).

Role of UNCTAD VII in the Establishment of New International Trading System

In parallel to the work on services which were touched upon in previous section, the UNCTAD secretariat continued its analysis on developments in the international trading system and prepared a background document for UNCTAD VII (1987). Throughout the period of the Uruguay Round UNCTAD intergovernmental bodies, particularly the TDB, regularly addressed, on the basis of specific mandates by the General Assembly, developments and issues in the Uruguay Round that were of particular concern to developing countries. The secretariat provided regular analytical reports and studies as well as carrying out a wide-range of technical co-operation programmes which, it was internationally recognized, substantially facilitated the participation of developing countries in the negotiations.

The secretariat’s work, however, took on dramatic new importance in the beginning of the 1990s when it became evident that the Uruguay Round was likely to result in the establishment of a new institution to replace the GATT. Proposals Submitted by the EEC and Canada advocated a new “Multilateral Trade Organization”. The logic behind these proposals was that the modifications to the GATT resulting from the Uruguay Round and its many new multilateral trade agreements could not be absorbed through the amendment procedure on an individual basis (as was done in the Tokyo Round), since it would result in a further and more dangerous fragmentation of the multilateral trading system by assigning different sets of rights and obligations to individual contracting parties. The idea was to establish a new institution that, as stated in the Canadian proposal,

would provide an institutional framework and a formal legal status for the overall multilateral trading system. The modality proposed was that the GATT contracting parties would accept the new institution as part of their approval of the Uruguay Round agreements in a “single undertaking”. These proposals put forward only a few months before the Brussels Ministerial meeting of GATT which was intended to conclude the Uruguay Round, caused considerable consternation among developing countries which were not sure how to react, as well as within the UN system. The fact that the new institution was being portrayed as constituting the missing “third pillar” of the international economic system, absent since the failure of the Havana Charter, had obvious implications for UNCTAD. However, the Brussels Ministerial meeting broke down in disarray and the negotiation on the institutional issues continued. Meanwhile the UNCTAD secretariat organized a high-level roundtable on 10 November 1990, i.e. only weeks before the Brussels Ministerial meeting. In its background note prepared for this roundtable, the secretariat argued that the idea of a new trade organization was largely prompted by the pragmatic need to find an appropriate institutional and administrative mechanism that would incorporate and implement the Uruguay Round agreements. The scope of such an organization would also be determined by the agreements, which could be reached within the context of the relative power relationships prevailing at that time. As argued by the UNCTAD secretariat, the implementation of the Uruguay Round agreements presented the GATT contracting parties with challenging legal questions: how to incorporate results in new areas which were totally outside the scope and competence of GATT such as

new agreements on services and trade-related aspects of intellectual property rights (TRIPS); how to define new rules on agriculture as well as the extensive interpretations of GATT Articles embodied in the Multilateral Trade Agreements (e.g. subsidies, anti-dumping, customs valuation); and, finally, how to bring all the results under the concept of the “single undertaking”. Based on the above arguments the secretariat concluded that the proposal to establish a new organization would not constitute an attempt to create the comprehensive trade organization foreseen in the Havana Charter. It was also clear from the beginning that the proponents intended that the new trade institution would be placed completely outside the UN system. ECOSOC reacted with a resolution requesting that the UN Secretary-General report to the UN General Assembly at its Forty-sixth session (1991) on these institutional developments, taking into account all relevant proposals related to strengthening international organizations in the area of multilateral trade. The UNCTAD secretariat was assigned to prepare such a report. The draft report was prepared and circulated to governments and relevant international organizations, including GATT, for their comments (UNCTAD 1991). The secretariat then prepared the final report by the UN Secretary-General for that session.

The report emphasized that all efforts to strengthen international organizations in the area of multilateral trade should be adapted to modern realities and avoid the inadequacies of the existing institutional structures by addressing issues such as (a)

setting objectives by the international community with respect to international trade and development within a framework designed to facilitate consideration of interre-

lated issues including trade, finance, investment, technology, anti-competitive practices, information, services, access to networks and distribution as well as labour migration; (b) ensuring maximum transparency and full participation of all countries in international decision-making, and contributing to greater coherence in global economic policy-making through the formulation of broad guidelines and effective coordination among relevant international organizations; (c) providing a source of intellectual support and a forum for international consensus building; (d) providing an improved mechanism for the administration of contractual multilateral trade agreements, particularly in new areas such as services and intellectual property rights along with future agreements which may be negotiated (competition, investment, TNCs, technology, etc.); (e) strengthening secretariat support capacities, including capacities for independent

research and policy analysis, for initiatives and for the provision of technical assistance and expertise to enable smaller and more vulnerable countries effectively to take part in and advance their interests in consensus building and negotiating processes; and (f) streamlining mechanisms for mutual support, collaboration and coordination between programmes and agencies within the UN system(*Ibid*). Nonetheless, the actual thought on the establishment of the WTO in 1995 brought the issue of UNCTAD's overall relevance to the forefront rather dramatically. Views, opinions and even proposals were aired which, in various degrees, highlighted the possibility that the creation of the WTO in 1995 made UNCTAD irrelevant. For example, the independent Commission on Global Governance identified UNCTAD as one of agencies that could be abolished in order to streamline the UN system. On page 7 of Jeremy Heimans working paper, Head

of Policy Integration Department World Commission on the Social Dimension of Globalization International Labor Office (ILO), is stipulated that Commission on Global Governance in its report in 1995 suggested that UNCTAD and United Nations Development Program (UNDP) should be abolished as their work is duplicated and repetitive whether within or out of the UN and such trend would make UN work turbulent. The report hinted at the point that WTO emerged and UNCTAD was marginalized. However South Center as a center boosting developing countries positions, supported UNCTAD and UNDP. It argued that the two UN bodies should be supported as they are considered as main UN bodies assisting developing countries. Moreover, they should be tasked more to remove the lame excuse brought up by the developed partners as a reason to abolish the two for duplication in the UN system (Heimans 1984). The two different notions paved the way for The UN General Assembly move and it, by adopting resolution 49/99 entitled "International Trade and Development", at its Forty ninth session in 1994, reaffirmed UNCTAD's role as the most appropriate focal point within the UN proper for the integrated treatment of development and inter-related issues in the areas of trade, finance, technology, investment, services and sustainable development. It was also agreed that UNCTAD, even after the establishment of the WTO, would remain an important international instrument in the area of international trade particularly as a source of policy analysis, consensus building and technical assistance in the context of the Uruguay Round Agreements and their implementation, notably in the new areas of services, intellectual property and investment. The UN General Assembly also recognized that there was a considerable scope for com-

plementarity between the WTO and UNCTAD. More specifically the policy analysis and consensus-building roles of UNCTAD could make essential contributions to the negotiating processes in the WTO. Obviously, complementarity also existed in the field of technical cooperation, where one of UNCTAD's main focuses was on assisting countries in their efforts to participate effectively in the WTO processes and integrate themselves fully into the multilateral trading system. (General Assembly resolution on International trade and development, Op.cit).

UNCTAD role after Uruguay Round

Immediately after the conclusion of the Uruguay Round the UNCTAD secretariat initiated a series of analytical studies and reports to focus on new and emerging issues on the international trade agenda underlying the question of whether and how the international trading system could adapt to the forces of globalization.

UNCTAD IX, 1996, Midrand, South Africa: UNCTAD Survival

UNCTAD IX (Midrand, South Africa, 1996) reconfirmed the survival of UNCTAD and defined its role in the international trading system. UNCTAD's fundamental mandate on trade as stipulated in its two principal documents, the Midrand Declaration and A Partnership for Growth and Development (UNCTAD, 1996a) was to assist developing countries in their effective integration into the international trading system so as to promote their development. The key provision was to enable them "to respond to the opportunities arising from the Uruguay Round Agreements so as to derive maximum available benefits by facilitating the understanding

of the multilateral trading system, by analyzing, from a development perspective, issues on the international trade agenda, including new and emerging issues" (Ibid., paragraph 91(i), p 25). For UNCTAD IX the secretariat, jointly with the WTO secretariat, prepared a detailed conceptual paper entitled Strengthening the Participation of Developing Countries in World Trade and the Multilateral Trading System, which effectively defined the role of UNCTAD in the post-Uruguay Round trading system. This report reviewed the outcome of the Uruguay Round primarily from the perspective of identifying areas for future actions by the international community to support developing countries in deriving benefits from the post-Uruguay Round trading environment. For example, in its assessment of market access opportunities for developing countries the report highlighted that the post-Uruguay Round protection in industrialized countries was characterized by the existence of "tariff peaks" for some products of critical interest to developing countries, including textiles, clothing, agricultural products, fish and fish products, etc. It singled out areas in the built-in agenda, a term coined by UNCTAD, where attention should be focused. It means that developed countries considering the importance of some goods and in a bid to support their local industries, had assigned high tariffs on developing countries product to impede their access to the their market. The report also discussed the problems facing those countries in the process of accession to the WTO. These countries often lacked the institutional and human capacities required to negotiate effectively, as well as the capacity to "live up" to WTO rules and obligations. It also noted that many of the applicant governments, particularly those in transition to a market economy,

were still experimenting with various policy options and had not yet formulated precise trade policy objectives or established the necessary mechanisms to implement such policies with regard to "WTO consistency". As mentioned earlier, UNCTAD IX provided the secretariat with a clear mandate to assist developing countries and countries in transition in the process of accession to the WTO (UNCTAD 1996). With considerable outside donor support, the UNCTAD secretariat subsequently became directly involved in assisting the negotiating teams of a wide variety of developing countries and countries in transition including China, Russia, Viet Nam, LDCs, and petroleum exporting countries. These activities, intending to help these countries achieve balanced and pro-development terms of accession, provided UNCTAD staff members with an intimate insight into the functioning of the trade regimes of a variety of countries. In 2002 the secretariat released an original publication containing a comprehensive analysis of issues related to the WTO accessions (WTO 2002). It should be reiterated that most of the UNCTAD works including, capacity building, technical assistance for accession to the WTO were directed to LDCs. UNCTAD secretariat's work finally led into the Third UNLDCs Conferences in Brussels (UNCTAD LDCs 2001).

The secretariat's work on WTO accessions led to important policy developments at the Third United Nations Conference on the Least Developed Countries which adopted in its Programme of Action a set of substantive commitments by the development partners of LDCs with the aim of facilitating and accelerating the WTO accessions of LDCs. Subsequently, WTO member countries in the Doha Declaration agreed "to work to facilitate and accelerate negotiations with acceding LDCs" and reaffirmed the commitments undertaken at the Third LDC Conference. In pursuance

of the Doha mandate, on 10 December 2002, the WTO General Council adopted the Decision on the accession of LDCs (WTO 2002). This Decision was expected to substantially facilitate accessions of LDCs, particularly by exercising restraint of WTO members in seeking concessions and commitments on trade in goods and services from acceding LDCs, and by allowing acceding LDCs to benefit from the S&D provisions under the WTO Agreements. Finally, the Fifth WTO Ministerial Conference approved terms of accession for Cambodia and Nepal, the first LDCs to accede to the WTO after its establishment in 1995. Needless to say, the UNCTAD secretariat provided comprehensive technical support to these LDCs throughout their long accession process (WTO 2003).

UNCTAD, Developing Countries and Positive Agenda

From his participation at the First WTO Ministerial Conference and his observation of some earlier developments in the WTO, Rubens Ricupero ((Brazil, 1995 – 2004, UNCTAD Secretary –General), the fifth Secretary-General of UNCTAD recalled his experiences in the Uruguay Round, drawing the conclusion that the developing countries needed to refrain from assuming defensive and reactive positions but rather formulate a Positive Agenda. In setting their Positive Agenda they would systematically identify their interests and set realistic objectives with respect to all issues, not only those where they were "demandeurs", and pursue these objectives by submitting concrete, technically sound proposals in alliances with like-minded countries. In his view, negotiating proposals acquired much more "weight" when they were in consonance with the culture of an organization founded on the belief that all countries should strive for freer trade (UN

CTAD, 2000, pp VI, VII).

The intergovernmental mandate of UNCTAD IX, particularly with respect to the international trade agenda, provided UNCTAD with a base for launching the Positive Agenda programme with a view to assisting developing countries in building their capacity to identify their interests, formulate trade objectives and pursue those objectives in international trade negotiations. The new mechanism of expert meetings permitted a discussion in UNCTAD bodies on specific issues to be Negotiated in the WTO. Such meetings, which focused on issues identified by Member States, served to increase understanding of the development aspects of trade in many service sectors as well as agriculture, anti-dumping, etc., thus providing the elements for future positions taken by developing countries on most of the subjects studied.

For the Second WTO Ministerial Conference the UNCTAD secretariat had prepared a discussion paper for the Group of 77 entitled Building a Positive Agenda for Developing Countries in View of Future Multilateral Trade Negotiations: The Scope and Timing of Future Multilateral Trade Negotiations which examined the issues involved in the “built-in agenda” in the WTO Agreements and the “New Issues” which had been proposed for inclusion in Future multilateral rounds (<http://www.twnside.org>).

UNCTAD X, 2000, Bangkok, Thailand

In pursuant to resolution no 1995 dated 30 December 1964, and adoption of GA resolution no 51/67 dated 16 December 1996, the tenth session of UNCTAD conference was set up in the United Nations Conference center in Bangkok from 12 to 19 February 2000(UNCTAD X 2000). The highlights

were trade in agriculture, services, regional integration and multilateral trading system. Special and differential treatment, competition and assisting developing countries to accede to WTO. Two documents were the outcomes of the conference a) Bangkok Declaration and b) Bangkok Plan of Action. The most important issue in the Bangkok declaration was to request from international community to help LDCs to hold the third UNLDCs in Istanbul, Turkey. The conference also reiterated that international trading system should be based on justice, equity and rule based and its function should be in discriminatory and transparent so that it can share the whole benefit to all particularly to developing countries. One of the most important subjects brought up in the conference was to emphasize the holding new round of trade negotiation focusing on developmental aspect of multilateral trade negotiations. The inclusion and emphasis on the “development” in UNCTAD X was a cornerstone for a controversial issue erupted in the UNCTAD thirteenth in Doha, Qatar, between developing and developed countries namely “Doha Development Round”. Secretariat assistance to LDCs was fortified since UNCTAD X. It was mandated based on UNCTAD X to implement necessary actions to hold UNLDCs conference in Brussels in the year 2001. Therefore it commenced to provide LDCs with technical assistance and to report the progress of work to the next meeting. Another highlight in UNCTAD X was emphasis on the outcomes of the South Summit, held in Havana, Cuba in 2000 particularly on mechanisms and modalities for promoting south-south cooperation. Considering successful the second round of Global System of Trade Preferences among Developing Countries (GSTP) negotiations, UNCTAD secre-

tariat reiterated the continuity of the negotiations especially through encouraging accession of the other developing countries to GSTP process (*Ibid*, p79, para 30). Bangkok Plan of Action was the second outcome document of the conference and emphasized the assisting of LDCs in different areas (UNCTAD, Bangkok Plan of Action, 2000). The following areas were also emphasized in UNCTAD X: Trade as a tool for economic growth, tourism, agriculture, diversity in production, getting advanced services.

UNCTAD XI, 2004, SÃO PAULO, Brazil

UNCTAD XI was coincided with the fortieth anniversary of UNCATD, Robens Ricopero, brought up an important idea that was “trade regimes and financial markets solely are not enough for development of the developing countries”, he added the problem of developing countries today is the local policy of market-oriented has not been updated and kept the pace with the international development and is not quite a match with it and the old policies has been left untouched therefore the policies do not work for development but acts as an impediment against development of the countries. Agenda item 8 was the main agenda item of the conference “acceleration of integration of local development strategies with the world economy: toward economic growth and development”. Under the agenda item the followings were discussed among member states: Development strategies in the globalized world economy, production capacity and competitiveness at the international level, assurance of achieving development through multilateral trading system, trade negotiations and partnership for development. The conference had two crucial documents including a) SÃO PAULO CONSENSUS and b) The Spirit of São Paulo. In the first document the continuation of the Bangkok Plan of Action was emphasized and it

was considered as a big gain for the developing countries. It was also reiterated that UNCTAD XI is an opportunity for developing countries to update and devise their local developmental strategies based on the global economy developments and keep them updated (UNCTAD XI 2004). The most important advices of UNCTAD XI to the developing countries was to make policy based on their development level and trade priorities and evaluate the cost and benefit of their accession to the trade agreements before accession. Another important development was success in the third round of the GSTP negotiation namely “SÃO PAULO Round” which was agreed after 6 years of negotiation among developing countries. The agreement provided a good opportunity to boost south-south economic cooperation alongside of the expansion of trade diversification for developing countries. That was a prominent start of GSTP in SÃO PAULO consensus as it asked UNCTAD to continue the negotiations through GSTP modalities called participating committees in the upcoming meetings continuously.

UNCTAD XII, 2008, Accra, Ghana

UNCTAD XII was held from 20 to 25 April 2008 in Accra, Ghana in a very turbulent time in the world economy. The main agenda item was “Globalization for development: opportunities and challenges” (UNCTAD 2008). The conference was set up between two crisis first food crises and seconds a dangerous world economic recession emanated from international economic and financial crisis. Ban Ki Moon, UN secretary General, in Inauguration session during his speech, calling the attention to the international economic and financial crisis said “UNCTAD role now is more important than ever and it is suitable forum for the representatives of the countries to remove the obstacles through partnership

for development". John Agyekum Kufuor, Ghana president said "world is expecting UNCTAD XII to bring up new notions for development to address trade and development challenges". Also Luiz Inácio Lula da Silva, Brazilian president in his speech said "UNCTAD XII should resort to new dimensions of trade and development so as to achieve sustainable and equitable international order". Tarja Halonen, finish president in his speech reiterated "UNCTAD is in the intersection that can fortify itself now". Two main documents were the most important outcomes of the conference namely a) Accra Accord, and b) Accra Declaration. As the demand for commodities high rocketed by India and China the price of the commodities also increased so African countries emphasized the role of UNCTAD on commodities ie, UNCTAD can assist them to manage the commodity prices so as to expand development in the nations. Therefore in Accra Accord SG is requested to transform the trade and services department of UNCTAD in a way that the report of the department could be directly sent to UNCTAD Secretary General (UNCTAD XII Accra Accord and the Accra Declaration, 2008). This was a gain another step LDCs could take toward their own interest and made UNCTAD pay more attention to them. The Conference also tabled climate change issues from only the dimension affects development since climate change is totally considered in its own modality and convention. Investment on Water supply was also in the main focus of the conference (UNCTAD XII Accra Declaration, 2008). The main controversial issue UNCTAD considered was international economic and financial crisis. The western group was strictly against UNCTAD independent analytical work and study since its

study lite up G77 and china and lines them up against the west as the main source of the crisis. Based on that developing countries requested for International financial structure reform. The western group rendered unsparing efforts to undermine the independent analytical work of UNCTAD through blocking consensus in the whole documents negotiation process. Also the western group leading by the United States reiterated wherever UNCTAD secretariat brought up an independent analytical study on the root cause of international and financial crisis it faced the group opposition as they considered the study has got financial implication. The other strong opposition from the western group on the secretariat work on the crisis was that they considered the issue beyond UNCTAD Competency and believed that, as in an interview with high rank people of secretariat confessed anonymously, UNCTAD budget should be only allocated to the other issues as investment not for the crisis and analytical work they also believed that UNCTAD budget should be reduced as much as it could only implement the basic area of its work. The western group opposition on Secretariat independent analytical work on the crisis was the commencement of undermining one of the most important pillars of its main work i.e. consensus building. Another crucial development in UNCTAD XII was tabling new notion of "Enabling state". Enabling state is a state utilizing its all administrative and policy options as well as all resources, create necessary infrastructures and plays pivotal role in the market economy in time of the crisis. Also enabling state would promote cooperation and partnership between public and private sector aiming at achieving economic development (UNCTAD XII Accra Accord, Op.cit). The partnership and coop-

eration between public and private sector was a repetition of Recopero's notion raised in UNCTAD IX in Midrand by him. During this period the crisis made member states unable in their membership payment to UN agencies and UNCTAD as one of the leading UN agencies responsible for development through trade promotion faced challenges particularly its independent analytical work.

UNCTAD XIII, 2012, Doha, Qatar

The thirteenth Conference of UNCTAD was held in Doha, Qatar from 21 to 26 April 2012. The main theme of the conference was "Development centered globalization: toward inclusive growth and development". There were also four other sub-themes: a) Enhancing the enabling economic environment at all levels in support of inclusive and sustainable development b) Strengthening all forms of cooperation and partnerships for trade and development, including North-South, South-South and triangular cooperation c) Addressing persistent and emerging development challenges as related to their implications for trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development d) Promoting investment, trade, entrepreneurship and related development policies to foster sustained economic growth for sustainable and inclusive development. In UNCTAD XIII, UNCTAD mandate on countries policy and development was a controversial issue between developed and developing countries. Mr. Supachai Panitchpakdi, the then Secretary-General of UNCTAD, in his speech in UNCTAD XIII presented a suspicious meaning of the relationship between finance and development by stating that Finance should never be master of development". That Finance is the slave of development is another issue. But what is important is that finance should be at development service.

(<http://www.unmultimedia.org>).

From the negotiating bloc that represents the Global North (Group B) came a major push-back against the idea that UNCTAD or any other global agency should or could regulate finance. In the negotiations toward a consensus document for UNCTAD XIII, the North put up as many obstacles as possible. Its seasoned negotiators fought to remove all reference to the financial crisis from the document, and to insist that UNCTAD deal only with its core mandate. They expanded the draft text from 24,000 words to 30,000 words with issues having to do with the World Bank's favourite idea, 'good governance'. Each paragraph had to be minutely scrutinised by the North's negotiators, slowing down the process.

On 19 March, the Swiss Ambassador to UNCTAD Luzius Wasescha pointed out that at the rate of progress (3 hours per paragraph) it would take 487.5 negotiation days to get through the draft. This was the strategy of what he called 'creating chaos'. The US statement on 19 March was as cutting: 'The [UNCTAD] Secretariat should not pursue issues outside UNCTAD's mandate - such as the reform of global financial systems. Not only does this particular issue stray far beyond UNCTAD's mandate and its expertise, it also faces strong opposition by many members,' namely the United States.

The North's position rankled former staff members of UNCTAD who released a statement on 11 April entitled 'Silencing the message or the messenger..or both?' The signatories once held senior UNCTAD posts, including that of Secretary-General (Rubens Ricupero). 'When I arrived at UNCTAD in 1995,' Ricupero told the Inter Press Service news agency, 'there was already a conspiracy afoot by the "usual suspects", the rich countries - not to change the mandate as they want to now, but to simply

suppress the organization that they have never accepted since its inception (<http://www.globalissues.org>).

Two days later, the negotiating bloc of the South (the G77 and China) released a very strong statement. Pisanu Chanvitana, the Thai head of the bloc, noted that the North had 'regressed to behaviour perhaps more appropriate for the founding days of UNCTAD, when countries of the North felt they could dictate and marginalise developing countries from informed decision-making'. The North's behaviour, Chanvitana noted, 'seems to indicate a desire for the dawn of a new neo-colonialism' (<http://www.google.com>).

The financial crisis struck after UNCTAD XII. As the delegates left Accra and went off to digest their compromises, the toxic banking sector reared its head. UNCTAD had warned about toxic finance for about a generation, but few paid heed to its Cassandra-like persistence. In 2009, the North made at least two important concessions to the South in exchange for Indian and Chinese financial contributions to the IMF and other multilateral agencies: first, that the G8 would be wound up in favour of the G20, and second, that the international financial architecture would be reformed. As confidence returned to the North, however, it has reneged on both these promises.

UNCTAD's Trade and Development Report 2011 produced a carefully argued analysis of the power and influence of finance capital. In Chapter 5, on commodity markets, UNCTAD argues that the commodity boom cannot be explained by rising demand from the BRICS states (Brazil, Russia, India, China and South Africa). Instead, the culprit can be found amongst the index investors, the speculators whose commodity trades are mo-

tivated by 'factors totally unrelated to commodity market fundamentals'. What explains the rise in commodity prices, including food and oil, is 'the greater presence of financial investors, who consider commodity futures as an alternative to financial assets in their portfolio management decisions. While these market participants have no interest in the physical commodity, and do not trade on the basis of fundamental supply and demand relationships, they may hold - individually or as a group - very large positions in commodity markets, and can thereby exert considerable influence on the functioning of these markets.' There could be no development agenda without a serious consideration of financial reform.

Once in Doha, the Global North went at UNCTAD from many directions. It tried to use the question of internal reform of the organization as a threat against the staff. Complaints about duplication in the UN system go back to the 1960s, when the US tried at that time to prevent UNCTAD from being born. The North suggested that UNCTAD's budget could be trimmed so that it might return to work on its mandate and not take up issues already dealt with in other UN organizations. Here the Global North neglected to note that the 'other' UN organizations, such as the International Monetary Fund and the World Bank, are closely aligned to the US and Europe and are not beholden to the South.

Such a push-back against UNCTAD has not been seen since at least the 1970s. Unfortunately for the Global North, the main countries of the South gathered together to defend UNCTAD. The most important outcome of Doha was not the final document, but the emergence of the South as a potent force.

The negotiations on the final document went on till the last day, holding up

the closing ceremony as the text had to be translated. The final document, 'The Doha Mandate', is optimistically named. Coming out of such a contentious process, with the North smarting, the Doha Mandate was nonetheless quite an achievement. All the sections that the North attempted to strike down (on hunger and food security) made their way into the final document. The North wanted to walk away from one particular paragraph that was in the final document of the 2008 UNCTAD XII:

'Developing countries should pursue development strategies that are compatible with their specific conditions within the framework of an enabling State, which is a State that deploys its administrative and political means for the task of economic development, efficiently focusing human and financial resources. Such a State should also provide for the positive interaction between the public and private sectors' (UNCTAD 2008, Accra Accord p. 113).

Part of the fight at Doha was over the ratification of the Accra Accord and, centrally, whether this philosophical attitude to the 'enabling State' should be accepted. Along the grain of the dominant neoliberal thinking, the North wanted to substitute this interventionist idea with a more laissez-faire notion of the State. The North's draft suggested that rather than an 'enabling State', UNCTAD should be tasked with the promotion of 'an effective State, working with private, non-profit and other stakeholders' to 'help forge a coherent development strategy and provide the right enabling environment for productive economic activity'. The debate between the 'effective' State and the 'enabling' State fractured along North-South lines. The final text was a compromise, with neither side able to fully get its way:

'Each country has the primary responsibility for its own economic and social develop-

ment, and national development efforts need to be supported by an enabling international economic environment. The State, having an important role to play, working with private, non-profit and other stakeholders, can help forge a coherent development strategy and provide an enabling environment for productive economic activity' (UNCTAD XIII, DOHA MANDATE and DOHA MANAR, 2012, para 12).

Fragments from each draft entered the paragraph, with the argument unsettled. Given the poor negotiating position of the G77 and China, the main negotiating arm of the South, this is however quite a feat. As Norman Girvan, former board member of the South Centre and former Secretary-General of the Association of Caribbean States, told me, 'In the context of the sustained efforts of the North in the run-up to the Conference to emasculate UNCTAD's mandate, and taking into account the formidable political and economic resources at their disposal to divide the South, I share the view of those who judge it to be a victory for the South. It only goes to show that maintaining a firm, united position by the South is the only way to win even modest gains in global forums. Division is fatal.'

The G77 was able to stave off the strong-arm tactics of the North and leave intact UNCTAD's original mandate, including its ability to conduct research that would 'enable' a better understanding of the financial crisis and provide policy tools for States to intervene toward people-centred development and not finance-centred globalization.

'The highlight of the Conference,' Heiner Flassbeck, director of UNCTAD's Division on Globalisation and Development Strategies, told me, 'was the fiercely contested negotiation of the Doha Mandate. Regardless of the specifics of the text as adopted, for me the process that created it was more signifi-

cant.' The specifics were not so central because the real debate was not on practical policy matters. It was on the broader principle of how to understand the international framework for economic policy and what UNCTAD should be permitted to do to make that framework amenable to genuine people-centred development. 'The attempt that was mounted to exclude UNCTAD from working on global macroeconomic, financial and monetary issues was not new,' Flassbeck said, 'but its advocates came out much more aggressive than ever before. The North's cavil about UNCTAD's duplication of the work of the WTO or the IMF was specious. Unlike the WTO and the IMF, sections within UNCTAD, such as Flassbeck's division, produce high-level empirical work that is grounded in a theoretical framework unwilling to cheerlead for neoliberal policy making and for finance-driven globalizations. The North had a political objection to UNCTAD and not a bureaucratic one.

Conclusion

As it was discussed before the article depicts international political and economic situation before and after Cold War. First, It sheds light on before cold war till UNCTAD's establishment in which developing countries (DCs) and least Developed countries (LDCs) found themselves big loser, as they were deprived from participation in trade negotiation process, leading into establishment of GATT. Therefore they resorted to UNCTAD as the sole defender of their interests against Developed Countries in trade negotiations. UNCTAD has encountered with some serious challenges since its establishment in 1964. The climax of the challenges were in 1995 when WTO was established and coincided

with UN reform as well as industrial world opposition to UNCTAD position against them. Finally the challenges made UNCTAD transform its ideology from confronting with globalization and trade liberalization to partnership for development through capacity building for DCs and LDCs to take more benefit from new international trade negotiations process which globalization had imposed. The challenges also compelled UNCTAD to withdraw from its preliminary idealistic ideology of creation of new international economic order in which developing countries and least developed countries can get their lion share. The implication of the challenges also changed UNCTAD from an organization, issuing powerful resolutions against developed countries into a body implementing capacity building activity especially for the non-member developing and least developed countries of WTO for accession to the organization. Finally, this article answers the main question whether UNCTAD could keep up its preliminary ideology on international trade or faced with serious challenges, making it change its ideology and intergovernmental machinery structure. It also touched upon the challenges imposed on its three pillars namely technical assistance, independent research and analysis as well as consensus building. It was argued that UNCTAD independent analytical work was undermined since UNCTAD XII when international economic and financial crisis took place and got vertex in UNCTAD XIII with harsh position of Developed countries against UNCTAD analytical work. Consensus building was also suppressed by the western group leading US as they opposed against developing countries by blocking negotiations process

in UNCTAD XIII. In conclusion technical assistance was weakened as the developed partner directed their contribution to LDCs rather than to developing counties.

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