



The World Today

Caribbean International Tourism Trade

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MAINSTREAMING DEVELOPMENT IN TRADE

A recent conference in Arusha, Tanzania, organized by “International Lawyers and Economists Against Poverty” or iLEAP, brought together a wide range of trade as well as development specialists, with the intention of encouraging an important dialogue: How to ensure that international trade negotiations include the development needs of developing countries participating, as a central element?

The September 2000 UN Millennium Declaration embodies accepted commitments for improving human welfare. It includes eight Millennium Development Goals (MDGs), each addressing specific targets and indicators. This column uses, as a point of departure, Millennium Development Goal 8, which proposes the expansion of “*a global partnership for development*,” with special emphases upon aspects of the global economic system, their effects on development, and what needs to be done to realize this goal. International trade and the World Trade Organization’s multilateral rules constitute the main focus.

Goal 8 is critical in the overall scheme of the MDGs, as it is the only one that specifically incorporates international relations perspectives and concerns. Successful development efforts require appropriate policies, at both domestic and international levels, as necessary if insufficient conditions. The cascading process of globalization has impacted developing country policy environments, with increasing force and salience in recent years. This is one reason why the applied concepts, tools and data of international relations, including international trade, are vital, particularly for developing countries.

Globalization implies that developing countries have become more integrated in the world economy. As a result, their development prospects and performances are much more dependent on global trade, financial and investment structures and trends. Policies that used to be formulated and implemented primarily at the national level are now significantly influenced or shaped by international conventions, and by international institutions, such as the IMF, the World Bank, the WTO, the UN, and developed-country groupings such as the G-6 and G-8, the OECD, and by bilateral aid agencies, as well as international norms and expectations, or regimes. This applies especially to developing countries that are most dependent on international financial institutions for loans, and must abide by loan conditionalities, or seek debt restructuring if not forgiveness.

Most developing countries, which are members of the WTO, have been aligning or re-aligning national trade laws and international trade policies to comply with the WTO's legally binding agreements. This is by no means to say that the effectiveness and efficiency of a developing country's public and private sectors, as well as the vibrancy and autonomy of their civil societies, are of limited importance. However, the "external economic environment" impacts developing countries, especially small developing states, typically characterized by small, open, dependent economies, tremendously. In the case of Trinidad and Tobago, the continuing debate concerning the implications of establishing aluminum smelter plants in Chatham and La Brea illustrates the force of external factors, combined with the relative weakness of internal actors, *inter alia*. This is why a "*global partnership for development*" to underpin the MDGs, including #8, is of such importance.

Trade is a fundamental component of development. Ideally, trade and trade policy should serve the needs of development within a country's overall policy framework. There is thus the need to "mainstream development concerns in trade and trade policy." In practice, development needs are often compromised, when a developing country participates in inappropriate ways in international trade and investment flows. Examples include resource use in environmentally damaging ways; primary commodity export dependence, when their international prices are in long-term decline; and 'amendment' of domestic policies and laws to meet WTO rules and obligations, where aspects of these rules, or policy conditionalities, are unfavorable to national development interests.

"*Mainstreaming trade in development*", a recent slogan within international agencies, can inadvertently have adverse effects, if the policies underlying international trade are inappropriate and damaging to development needs. This naturally implies a clear-eyed and informed approach to the development needs of any given country. In considering the implementation of Goal 8, this distinction between "*mainstreaming development in trade*" and "*mainstreaming trade in development*" should be carefully kept in mind.

The international trading system has brought significant benefits, in multiple ways, to many countries, especially the advanced post-industrial countries, and some developing countries that have managed to take advantage of international trade and investment rules and norms. Yet the system is also imbalanced, in ways that can 'underdevelop' many developing countries, to recall a term used by the late Walter Rodney.

There should be a re-orientation in the operational principles and rules of the WTO so that development principles are accorded the highest priority. The preamble to the Marrakesh Agreement recognizes the objective of sustainable development, and also the need for continued efforts to ensure the developing countries secure a share in international trade growth commensurate with their economic development requirements.

The development objective should become the overriding principle guiding the work of the WTO, and its rules and operations should be designed to facilitate development as a prime outcome. Since developing countries form the majority of the WTO membership,

the development of such countries by means of equitably and effectively applied international trade rules should be the first and foremost *raison d'être* of the WTO.

Accordingly, the test of a rule, proposal or policy under consideration in the WTO should not be whether it is "*trade distorting*" but whether it is "*development distorting*," since development is the ultimate objective, whilst reduction of trade barriers is a potential means. At the same time, it is possible that the Millennium Development Goals themselves, including #8, could be formulated even more effectively, by using a project management, systems-oriented approach, including required inputs and processes, as well as expected outputs and outcomes, and agreed evaluation mechanisms.