



# Journal of the Group of 77



Volume 17/2

Published since September 1982 by the Office of the Chairman of the Group of 77 at the United Nations Headquarters in New York

Fall 2004

## CREATION OF G77 A SIGNIFICANT POLITICAL PHENOMENA

SAO PAULO, BRAZIL (IPS/G77)— Speaking at a special ministerial meeting to commemorate the 40th anniversary of the Group of 77, Sheikh Mohamed bin Ahmad bin Jassim Al-Thani, Minister of Economy and Trade of the State of Qatar, said the creation of the Group was perhaps one of the most significant political phenomena of the post Second World War era.

“For the first time in history, the marginalized nations found a common voice. By joining their forces the developing countries acquired the moral, economic and political strength to safeguard their interest and promote greater equity and justice in the world economic order,” he told delegates.

The birth of the Group of 77 forty years ago was not an easy endeavour. It was the result of determined struggle by the founding fathers to create an international economic framework supportive of development.

Speaking in his capacity as chairman of the special two-day ministerial meeting in São Paulo June 11-12, the minister said that “despite our untiring efforts to defend

the interest of our people, it is evident today that the agenda of our founding fathers still remains unfulfilled”.

“Many of the challenges are still before us. These have been compounded by new and emerging crisis, narrowing of economic policy space and impositions of new realities,” he added. “The Group was created to change this status quo, which was skewed in favour of the developed countries,” he said.

The Group called for equity in international trade and adoption of the necessary corrective measures from a development perspective. “This was the thrust of our joint expression of solidarity at the first session of UNCTAD I,” he added.

“Since then our collective voice has spread to every institution and international organization representing the hopes and aspirations of the majority of humanity. The creation of the Group of 77 forty years ago was, therefore, in the words of one of our founding fathers Julius Nyerere, an opportunity for “developing countries,

Continued on page 3

### In this issue:

EDITORIAL .....	2
G-77 FOUGHT AGAINST ECONOMIC DISCRIMINATION AND INEQUITIES .....	4
RATIONALE AND VISION OF G-77 ARE AS RELEVANT AS EVER .....	5
G-77 KEEPS ALIVE THE DEVELOPMENT AGENDA AT THE UN .....	6
NO DEVELOPMENT WITHOUT SCIENCE AND TECHNOLOGY .....	7
DOHA FORUM AIMS AT STRENGTHENING SOUTH-SOUTH COOPERATION .....	7
NEW TRADE PREFERENCES UNFAIR TO DEVELOPING NATIONS .....	8
GLOBAL TAXES TO FIGHT HUNGER AND ERADICATE POVERTY .....	8
PEREZ-GUERRERO TRUST FUND SEEKS EXPANSION OF RESOURCES .....	9
G-77 URGES APPOINTMENT OF SPECIAL REPRESENTATIVE FOR SOUTH-SOUTH COOPERATION .....	10
G77 PLEDGES PARTICIPATION IN THREE KEY MEETINGS IN 2005 .....	10
WORLD BANK/IMF MEETINGS FAIL TO RESOLVE DEBT ISSUE .....	11
DIRECTORY OF G-77 CHAPTERS .....	12

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Founded in September 1982



The *JOURNAL OF THE GROUP OF 77* is published at the United Nations Headquarters by the Office of the Chairman of the Group of 77 in New York in collaboration with Inter Press Service (IPS). Contributions to the *Journal* are welcome and should be addressed to the Managing Editor of the *Journal*: Office of the Chairman of the Group of 77, U.N. Headquarters, Secretariat building, Room S-3953, New York, N.Y. 10017, U.S.A.

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The Journal of the Group of 77 is also available on the Internet at:  
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## EDITORIAL

The High-level Forum on Trade and Investment to be held in Doha from 5 to 6 December 2004 with the support of UNCTAD and UNDP, is intended to deepen further South-South cooperation by focussing on key areas of interest to developing countries, especially investment and strengthening the capacity of developing countries in the field of trade. Following the decisions of the Havana Summit and the preparations for the 2005 Second South Summit, the Doha Forum will address new and unexplored South-South cooperation issues and come up with innovative and concrete, action-oriented, recommendations on South-South cooperation in the areas of trade and investment.

The High-level Forum would also help bringing together different stakeholders on major projects and initiatives in the area of trade and investment that could be followed up on bilateral, regional and interregional basis. The Forum should ensure that actions arising from Doha would have real impact on South-South cooperation in the areas of trade and investment and make such cooperation effective and sustainable.

The growing importance of South-South cooperation, recently stressed both in the G-77 Special Ministerial Meeting commemorating its 40th anniversary and UNCTAD XI (June 2004, São Paulo), as well as the practical contribution the Forum can make to the 2005 South Summit, imply a high-level political and policy participation. A high-level segment is therefore conceived to address under the overarching theme of "The new geography of international trade: the South-South dimension", various topical issues of interest to developing countries taking into account developments in the world economy.

The Forum is expected to result in a set of concrete proposals on South-South cooperation in trade and investment, which interested developing countries may wish to implement at the bilateral, regional and interregional levels with the support of the UN system. The outcome of the High Level Forum would also be expected to provide a bridge for the preparations of the Second South Summit to be held in 2005.

**Ambassador Nassir Abdulaziz Al-Nasser  
Permanent Representative of the State of Qatar  
to the United Nations  
Chairman of the Group of 77**

**Continued from page 1**

be the prime movers of their own destiny”.

Minister Al-Thani also said that the sceptics derided the movement considering it only a temporary phase not realizing its magnitude and historic proportions. “They pointed out our diversity of economic and political systems and degrees of development”.

What they do not realize is that the cohesion and the political unity of the Group of 77 relied on fundamental identity of major economic interests. It is rooted in the common perception of the inequitable nature of the economic order and the need for major changes.

This common perception is not incompatible with considerable differences in the level of economic development and performance of the individual members of the Group. Nor does membership of the Group imply equal gain. The necessity to change the rules of the game in international economic relations remains the central bond of solidarity.

The effective role played by the Group of 77 in defending and projecting the interests of developing countries is a testimony to its continued relevance in the global development dialogue.

The Group having no institutional structure or constitution, no written rules of procedure, with a pragmatic rotational leadership, a minimum of secretariat support has managed to work through difficult negotiations, analyse issues and propose solutions.

Its role in generating global consensus on the issues of development has been widely acknowledged.

“This is not the time to enumerate the unique achievements and contribution of our group. The list is long. The Group of 77 has been a major instrument in the international economic and social governance. It has influenced the international policy and impacted on the international division of labour”.

“Just in UNCTAD alone, we pioneered a number of ideas, programmes and schemes. In doing so, we brought to light the inequities, imbalances and anomalies prevailing in the various components of the world economic system. It has been an uphill struggle”.

“In some cases, we were unable to play a dynamic role. There were concerted attempts and efforts to weaken and undermine our unity. We had to face over the decades

intransigent conditionalities, policies of graduation and forms of bilateral pressure”.

He also pointed out that the Group of 77 over the years has proven to be dynamic. It did not avoid self-examination and accepted that the Group system itself is not perfect. But it was and remains the only viable and workable mechanism in multilateral diplomacy.

“We should be truly proud of the achievement in our forty years of solidarity. Our solidarity is not only aimed at strengthening our collective bargaining but it is the most potent instrument in the cooperation among developing countries themselves”.

He also said that the Group of 77 has felt the need to strengthen the multilateral system. There has been some

erosion of the role of the United Nations in the economic area. The development agenda remains crucial for developing countries and the United Nations is the best mechanism for an equitable decision-making process corresponding to the needs, interests and concerns of developing countries.

He said that efforts should be made to reinforce the role of the UN General Assembly in economic issues, in particular on macro-economic policy questions.

The importance of a development-friendly international trading system has been repeatedly underscored. This is an essential requirement for realizing fully the benefits of the positive linkages between trade, development and poverty eradication.

There is a need for a multilateral trading system which is truly open, equitable, rule-based, predictable and non-discriminatory,

and which takes on board the core interests and concerns of developing countries.

A major contribution of the Doha Ministerial Declaration was to place the needs and interests of developing countries at the heart of the Doha Work Programme. This important objective needs to be continuously pursued and it should bring about identifiable gains from multilateral trade negotiations in key areas of interest to developing countries.

The continuing decline and volatility in commodity prices pose a serious constraint on sustained economic growth, poverty eradication and sustainable development in many developing countries, particularly in the LDCs and in the African countries.

This issue need to be addressed comprehensively.



## G-77 FOUGHT AGAINST ECONOMIC DISCRIMINATION AND INEQUITIES

SAO PAULO, BRAZIL (IPS/G77) — Addressing the opening ceremony of the special ministerial meeting to commemorate the 40th anniversary of the Group of 77, the Minister of External Relations of Brazil Celso Amorin told delegates that 40 years ago, a number of developing countries from different continents decided to associate their efforts in order to change the international system.

Proud of their cultural and historical diversity and ready to rise above geopolitical constraints, he said, these countries united their voices so as to give greater resonance to their shared aspirations.

The joint declaration which marked the birth of the Group of 77, stated that the unity of developing countries was the outstanding feature of the entire UN Conference on Trade and Development (UNCTAD), an event of historic significance.

The initial focus was on redefining North-South relations. The inequity in the international economic order was perceived as a major obstacle to development.

In the fields of trade, finance and technology, the G-77 fought against discrimination and exclusion. It also fought for more equitable rules, for making the international trading and financial systems more supportive of development efforts.

He said the G77 has attained remarkable achievements in its 40-year history. UNCTAD itself, now in its eleventh session, would not have been able to preserve its essential role both as a forum for coordination and as a breeding ground for new ideas were it not for the active support of the G77.

UNCTAD and the G77 provided the intellectual and political impetus for initiatives such as the Global System of Trade Preferences (GSTP) at its time, a true landmark in the recognition of the common but differentiated responsibilities of developed and developing countries.

The Group of 77 has risen in defence of increasing the efficiency, the legitimacy and the representativeness of the United Nations. No other group of nations has assumed such high stakes in making the Organisation more transparent, more accountable, more efficient, more democratic.

Just as important has been the role played by the G77 in fostering South-South cooperation. In their First Ministerial Meeting, held in Algiers in 1967, the members of the G77 stated that the primary responsibility for their development rests on them and that they were determined to

contribute to one another's development.

They reaffirmed that trade expansion and economic cooperation among themselves is an important element of a global strategy for development, and [that] they [were] therefore determined to [step] up their efforts in this respect. In the following years, a significant number of major initiatives were undertaken.

The foreign minister enumerated the basic principles of the G77 as follows: the defense of multilateralism in the political and economic fields; the necessity to grant countries enough space to implement national policies vis-à-vis international commitments which are so often not established by ourselves; the search for more equitable rules in the international trading system; the reference to the importance of cooperation among developing countries (to be illustrated here by the launching of a new round of trade negotiations in the GSTP); and the treatment of questions of interest to a large number of countries, especially the least developed ones, such as the issue of cotton.

This all shows that we continue to persevere and work united in all contexts, even those which are more difficult towards developing countries.

40 years on, he said, the gap between developed and developing countries is still present. Nowhere is it so evident than in the international trading system.

“Old obstacles to growth are still with us. Trade liberalization has been uneven and barriers and distortions persist in areas of special importance to developing countries”.

The Doha Development Agenda (DDA) has brought a measure of reassurance, by placing development and agriculture at the center of the multilateral negotiations at WTO.

The issues concerning implementation of the Uruguay Round agreements is an essential part of the trade talks. UNCTAD can help by pinpointing areas where developing countries can reap benefits from trade liberalization and by supporting efforts of developing countries, particularly the LDCs, to fully participate in the Round.

“We have always been a diversified group. Such diversity should not be seen as a source of weakness. Rather it is a source of strength. We remain united in purpose,” he added.

“Let us take the opportunity of this anniversary to renew the commitment of the Group of 77 and China to an international order that will be more just, inclusive and supportive of development,” the minister said.

*“We have always been a diversified group. Such diversity should not be seen as a source of weakness. Rather it is a source of strength. We remain united in purpose.”*

## RATIONALE AND VISION OF G-77 ARE AS RELEVANT AS EVER

SAO PAULO (IPS/G77)—Paying tribute to the achievements of the Group 77, UN Secretary-General Kofi Annan said the rationale and vision of the Group are as relevant today as it was 40 years ago.

Addressing delegates, he told them to consider the following statement:

— Insufficient progress has been made by developed countries in dismantling import tariffs on tropical products

— Although modern technology offers developing countries great possibilities to accelerate their economic development, its benefits are largely by-passing them due to its capital- and skill-incentive nature

— Ending the division of the world into areas of affluence and intolerable poverty is the outstanding challenge of our times.

Annan said: “You might think these are excerpts from today’s newspapers — or possibly language from the document being negotiated as the outcome of UNCTAD XI”.

In fact these words come from the Group of 77’s earliest documents. “But I do not mean to suggest that we have come full circle. The Group of 77 has made contributions in advancing the global development agenda. You have supported the work of the United Nations on social, economic and environmental issues”.

“As individual countries, many of you have made significant progress in raising life expectancy and lowering child mortality, and in some cases achieving spectacular economic growth. Our challenge today is to consolidate those gains, while at the same time addressing the needs of those countries that have yet to advance or have even regressed,” he added.

The Secretary-General said that the sad truth is that the world today is a much more unequal place than it was 40 years ago. Debt crises have revealed serious weaknesses in the international financial architecture.

Too many developing countries remain dependent on the export of primary commodities for all or most of their foreign currency earnings, leaving them vulnerable to price declines and volatility.

Developing countries also suffer from a lack of access to markets of developed countries, and from other imbalances and injustices that have led you to raise questions about the basic fairness of the global trade regime.

“If these years have taught us anything, it is that oppor-

tunities for development need to be more equally distributed,” he said.

But these four decades have also seen the emergence of new developmental opportunities, such as the spread of information technologies, and new obstacles, too — none more devastating and potentially destabilizing than the spread of HIV/AIDS.

All of this underscores the need for international development cooperation to be based on a true partnership between the developed and developing world.

Both groups of countries have responsibilities, and both should be held accountable. “If once there was a tendency to play the blame game, I hope today we are moving toward an era of mutual understanding and cooperation”.

Building democratic institutions is essential, as are popular participation in decision-making and the protection of women’s rights.

“The most vulnerable members of society should also have a special claim on your attention, and I hope that even as you strive for fiscal prudence you will also ensure that the necessary social investments and safety nets are put in place”.

Developing countries have recognized that they have the primary responsibility for their own develop-

ment. Donor countries and agencies, for their part, are gradually ceding ownership over programmes and projects.

“I urge you to continue along this path of reform. By clearly upholding your responsibilities, you will not only help your own people, you will also put even greater pressure on the developed countries to take the steps towards true partnership that they have preached but not yet practiced in full”.

He also told G77 members that the economic and social changes of the past four decades have increased the diversity within the Group, while the political changes have brought members closer together.

“That unity is one of your greatest assets. To quote again from some of your founding documents, forty years ago you said that unity was an indispensable instrument. The United Nations, another indispensable instrument, has been pleased to be associated with your group and its goals from your very beginnings. I look forward to working closely with you towards a safer, fairer, more prosperous future for us all”.



**Mr. Kofi Annan,  
Secretary-General of the UN.**

# G-77 KEEPS ALIVE THE DEVELOPMENT AGENDA AT THE UNITED NATIONS

SAO PAULO (IPS/G77)— Addressing delegates at the commemorative meeting of the Group of 77, the Secretary-General of the UN Conference on Trade and Development (UNCTAD) Rubens Ricupero recounted the pro-active contributions the Group has made in the past, and predicted what it will make in the future.

“If the Group of 77 does not keep alive the development agenda in the United Nations, who will do it?,” he asked.

Ricupero said that it is the central endeavour and responsibility of the Group of 77 to prepare for this immediate challenge.

The UN reform and its implications for the development agenda should constitute the central concern of the Group, not in a reactive way, not waiting for the report of the Panel, or for the other proposals that are certainly going to be presented, but trying to undertake an early and timely reflection on the possible elements of a pro-active contribution the Group can make.

He singled out three main components of the economic external environment that needs to be addressed. The first relates to recent developments in the international trading system and in the functioning of multilateralism in this area. The second deals with developments in the international economy, in particular in other development related issues. Finally, the reform of the United Nations and the role of the developing countries in this process. Ricupero also singled out the “very much unfinished business of development”. This is an agenda that is more than 40 years old now and has to be addressed together with the new ones. They relate to globalization, its promises, its pitfalls, and its crises, starting with the frequency and intensity of financial and monetary crises since the mid 1990s.

“All those problems are here and have to be dealt with. Some may say that their treatment is already integrated in a specific process. We have, of course, the post-Monterrey and the Millennium Development Goals (MDGs) processes”.

However, they can only cover some of those aspects. Even in these cases, the progress has been limited in terms of actual, effective implementation measures. No one would pretend for example, that the financial and monetary architecture is much more advanced now than it was a couple of years ago.

The same applies to trade, where the negotiation agenda is proceeding slowly with still many obstacles to overcome. In sum, the unfinished business of development from the past is still very much alive.

The G77 has a newly found sentiment of self-confidence and self-assertiveness. Those feelings are not illusory, he said.

Thus, the role of the Group of 77 in keeping alive the development agenda refers, in concrete terms, mainly to the only economic negotiations presently underway which are in trade not in finance, technology. There is nothing similar for instance on the international financial architecture.

It is worth mentioning, he said, that these developments are taking place in an international economic context where economic growth is picking up, thanks largely to some developing countries, among them China growing at 8.5%, India at 6%, the Asia and Pacific countries growing between 5 and 6% a year.

This brings new hope for injecting dynamism in the world economy and in the international trade. Last year, international trade grew by 4.7% and this year it is estimated that it is going to grow by 8.6%.

In this real world of trade, the better conditions are, to a large extent, coming from the expansion of developing economies, most of them in Asia, at a time when some industrial locomotives such as Japan and EU have added little to the growth in global demand.

“It is the first time that we are seeing this extremely encouraging phenomenon of the rapid development of intra de-

veloping countries’ trade, something that should always be on the Group of 77 mind. We used to discuss South-South trade thirty years ago”.

At that time, it was seen more as a hope for the future a dream. Now, it is becoming a reality. That was one of the reasons why Asian countries were able to continue to grow even after the 1997 crisis and after the slowdown in the US economy in 2001.

The determinant factor then was a strong intra Asian trade. China has become the major market for most of the Asian countries, including Japan. One of the reasons for the recent growth in Japan has been the exports to China. For both Japan and the US, trade with developing countries is now approaching the 50% mark, and perhaps Japan has already reached that mark. This shows that it is by no means an illusion to think that the contribution of the developing economies is becoming more and more significant.

In this respect, the Conference in Sao Paulo is fundamental for the future as it was not by accident that the Group of 77 and UNCTAD were born together, he said. “G-77 and UNCTAD were born together, they thrive together and any limitations on the freedom of action for one will affect the other. Their fates are inextricably linked”.



**Mr. Rubens Ricupero, Secretary General of UNCTAD.**

## **NO DEVELOPMENT WITHOUT SCIENCE AND TECHNOLOGY**

TRIESTE, ITALY (IPS/G77) - The chairman of the Group of 77 Ambassador Nassir Abdulaziz Al-Nasser believes that the future of developing nations is inextricably linked with the degree of progress achieved in the field of science and technology.

“In this age of rapid high technology—and the phenomenal growth of the information superhighway—we have to increase our efforts to provide our scientists with the tools to conduct research and keep pace with the day-to-day technical advancements,” he said.

Ambassador Al-Nasser, who is also the Permanent Representative of Qatar to the United Nations, said the world is also witnessing a major breakthrough in information and communications technologies (ICT).

But unfortunately, he said, there is a ever-widening gap between developing and developed nations. “We have to narrow this digital divide.”

The G-77 chairman singled out the International Centre for Theoretical Physics (ICTP) as one of the institutions that has provided Third World scientists with opportunities for extensive research in science and technology, including developments in physics and mathematics.

The ICTP’s location in Trieste also transforms the city into an international centre of scientific excellence, he added.

“We need more such centres in order to foster scientific knowledge among developing nations,” he said, before he left New York to participate in the 40th anniversary celebra-

tions of the ICTP in Trieste in early October.

Ambassador Al-Nasser said the importance of science and technology for developing nations was clearly emphasised in the G-77 Havana Programme of Action adopted by heads of state at the South-South summit in Cuba in 2000.

“The Group of 77 is fully conscious of the importance of science and technology for the advancement of developing nations—and particularly the least developed countries (LDC), mostly from Africa,” he added.

In the field of information technologies, he said, the ICT Task Force appointed by Secretary-General Kofi Annan is seeking ways to develop new models of collaboration to advance the global effort to bridge the digital divide.

The Task Force is also facilitating the pooling of relevant experience of both developed and developing nations and the sharing of lessons learned in introducing and promoting ICT.

As pointed out by the Task Force, information and communications technologies have become the backbone of the global information economy and has given rise to a new information society.

The future of our countries depends on scientific research as the key to the creation of knowledge and achievement of progress.

“We cannot afford to lose our scientists and physicists to the developed world. We have to provide them with the right environment to conduct their research,” he said.

“We in the developing world cannot afford to be left behind in the race for technology,” he added.

## **DOHA FORUM AIMS AT STRENGTHENING SOUTH-SOUTH COOPERATION**

UNITED NATIONS, (IPS/G77)-- The government of Qatar is hosting a High-Level Forum on Trade and Investment in an attempt to strengthen South-South cooperation and accelerate both trade and investments among developing nations.

The Forum, which is scheduled to take place December 5-6 in Doha, is expected to be attended by most of the 132 developing countries of the Group of 77, the largest single group at the United Nations, currently chaired by Qatar.

The Emir of Qatar will deliver the keynote address covering the latest developments in the world economy--including the relationship between international political and economic agendas, the role of development in maintaining peace and security and the new geography of international economic relations.

The meeting, which will be opened by the Qatari Minister of Economy and Trade, will include a plenary and two workshops.

Ambassador Nassir Abdulaziz Al-Nasser, the Permanent Representative of Qatar to the United Nations, de-

scribed the Forum as a ground breaking event which will come up with new and innovative recommendations on South-South cooperation in the areas of trade and investments.

“We are expecting some vibrant proposals to also strengthen the capacity of developing nations in trade and investments,” he said, in an interview with the JOURNAL OF THE GROUP OF 77.

Ambassador Al-Nasser said he expects the Forum to provide a bridge for the second South Summit to be hosted by the Qatari government. The second summit, a follow-up to the first held in Cuba, is scheduled to take place in Doha in June 2005.

The Doha Forum will also help bring together different stakeholders on major projects and initiatives in the area of trade and investment that could be followed up on bilateral, regional and interregional basis.

Ambassador Al-Nasser said the Forum should ensure that actions arising from Doha would have real impact on South-South cooperation in the areas of trade and investment and make such cooperation effective and sustainable.

## NEW TRADE PREFERENCES UNFAIR TO DEVELOPING NATIONS

BRUSSELS (IPS/G77) - A leading development group has slammed EU plans to amend trade discounts to developing countries. The European Commission has announced plans to replace the current Generalised System of Preferences (GSP).

The GSP is a key instrument to help developing countries reduce poverty by stimulating exports to the EU. Under the current scheme developing countries receive preferential tariff rates in the markets of industrialised countries.

The new proposals have to be approved by EU member states and the European Parliament. If approved, the new system will come into force 2006-2008.

Jo Leadbeater, head of Oxfam International's EU advocacy office says the proposals are unfair and could mean that developing countries are not able to progress.

The criterion for graduating a developing country out of the system of preferences is unfair and blatantly protectionist, she said.

The proposal looks at whether a developing country accounts for 15 percent of EU imports from the developing world, instead of from all EU imports. The rule means that a developing country may be graduating out of the GSP just as it begins to get its foot on the ladder.

Oxfam is also concerned about the proposals for the rules of origin. It's disappointing that the commission proposes hardly any changes to its existing rules of origin for the GSP.

Presenting the new GSP system in late October, outgoing EU trade commissioner Pascal Lamy said the proposals would help the most vulnerable countries.

The new proposals involve slimming down the current system of five arrangements to three - a general arrangement available for all beneficiary countries, the 'everything but arms initiative' which gives duty-free and quota free access for all products from the world's 50 poorest countries, and a new GSP+ system which would give tariff preferences to vulnerable countries who meet new criteria for sustainable development and good governance.

The plan also offers greater market access for up to 72,000 products from developing countries that abide by international human rights, environment and labour standards. They will also have to combat the drug trade.

But under the proposals countries that hold more than 15 percent of EU market share of any goods will lose their discounted tariffs. Tighter restrictions will apply in textiles, where a ceiling of 12.5 percent market share will be set.

## GLOBAL TAXES TO FIGHT HUNGER AND ERADICATE POVERTY

UNITED NATIONS (IPS/G77) - A coalition of non-governmental organisations (NGOs) is planning to launch a global campaign seeking international and grassroots support for "new and innovative sources of financing" for the eradication of hunger and poverty worldwide.

"The idea is to copy the successful global processes that resulted in the convention to ban landmines, and also the statute to create the international criminal court (ICC)," says Katarina Sehm Patomaki of the Helsinki-based Network Institute for Global Democratisation (NIGD)

These were two initiatives, she said, that were overwhelmingly supported by NGOs worldwide, with strong backing by certain U.N. member states.

The NIGD, which wants the proposed 'international campaign for global taxes' to be modeled on similar lines, is hoping that Brazil will take the lead, just as much as Canada did when it took the initiative to help create the convention to ban landmines.

At the initiative of Brazilian President Lula da Silva, over 80 world leaders met at the margins of the General Assembly session last month to discuss "international action to right hunger, overcome poverty and increase financing for development."

A study commissioned by the U.N.'s Department of Economic and Social Affairs presented, for the first time, seven "innovative ideas" to finance an estimated 50 billion dollars in new funds needed to achieve the Millennium Development Goals (MDGs).

These goals include a 50 percent reduction in hunger and poverty, universal primary education, gender equality, reduction of child mortality and elimination of HIV/AIDS—all of which are to be achieved by the targeted date of 2015.

The seven new ideas include global environmental taxes; a global lottery; a tax on currency flows; the creation of new Special Drawing Rights for development purposes; the establishment of a new International Finance Facility; fostering greater private donations for development by firms and individuals; and facilitating an increase in overseas remittances by expatriate workers.

The study was prepared by the U.N. University's World Institute for Development Economics Research (WIDER) based in Helsinki.

"Developing countries are mobilising resources themselves to meet the MDG targets by 2015, but they will fall short without additional external flows," says the author of

**Continued on page 9**



the study Anthony B. Watkins, warden of Nuffield College at the University of Oxford in Britain.

“Increased private and public money is needed in order for the world’s poorest countries to invest in the basic services and infrastructure necessary for human development, and to improve livelihoods and employment for poor people,” the WIDER study said.

The study also says that the 50 billion dollars needed could be achieved by doubling the current official development assistance (ODA) from rich to poor nations.

“Welcome steps have been made in that direction, but this takes time, and time is of the essence. For this reason alone, it is necessary to consider new sources (of financing),” the study adds.

U.N. Secretary-General Kofi Annan has warned that unless current development assistance is doubled to 100 billion dollars annually, the world’s 132 developing nations will fail to meet their MDGs.

“We need action. There is an urgent need for a critical mass of new resources to deal with a wide spectrum of human hardship,” says Annan, who strongly supports finding new sources of funding.

Despite support from most leaders of the north and south, the concept of global taxes is being strongly opposed by at least two major industrial nations: the United States and Japan.

The United States has argued that the very idea of global taxes is a violation of its national sovereignty.

Phil Bloomer of Oxfam said his organisation welcomes this new initiative and believes that, if implemented, the proposals would contribute to reducing poverty.

“These proposals must be an addition, not a substitute to the major increases in aid, debt relief and reform of global trade rules that are necessary to attack the obscenity of over one billion people on our planet surviving on less than a dollar a day,” he added.

## PEREZ-GUERRERO TRUST FUND SEEKS EXPANSION OF RESOURCES

UNITED NATIONS—The 17-year-old Perez-Guerrero Trust Fund (PGTF), one of the most successful funding mechanisms for South-South development projects operating under the umbrella of the Group of 77, has financed projects benefiting over 100 developing countries.

The South-South projects approved for funding are mostly regional in nature and characterised by the concept of Economic Cooperation Among Developing Countries (ECDC).

The projects approved for funding last year included: (a) floriculture and vegetable growing technology among developing countries (b) development of new technologies and products for the utilization of marginal and primary yeast as sources of food (c) regional integration of postal transportation in the Andean Community (d) development and strengthening of mechanisms for solving conflicts on shared natural resources in the Karamajong ecosystem in East Africa (e) and identification of international cooperation opportunities for the settlement of youth in small communities in Argentina, Chile and Uruguay.

The average allocation per project throughout the life of PGTF has been around \$65,000 but in recent years this figure was reduced to some \$35,000.

The objective of the PGTF is to, provide seed money for (i) financing pre-investment/feasibility studies and reports prepared by professional consultancy organizations in developing countries members of the Group of 77; and (ii) facilitating implementation of projects within the framework of the Caracas Programme of Action (CPA) on ECDC.

The Fund was established primarily for financing cooperative projects. Any project, in order to be considered for PGTF assistance, must necessarily involve the deliberate and voluntary sharing, pooling or exchange of economic and

technical resources, knowledge, experience, skills and capabilities between three or more developing countries for their individual or mutual development.

The PGTF has a core capital of \$5.0 million dollars, allocated following the liquidation of the UN Emergency Operations Trust Fund in 1983.

According to the guidelines for its utilization, only the interest accruing on the Fund could be used for project support so as to preserve intact the initial \$5.0 million. The core capital plus unexpended resources at any given year constitute the interest-bearing resources.

In recent years, the availability of resources has been significantly reduced as a result of the reduction of interest rates, from an average of some \$500,000 in the last five years to \$250,000 in 2000.

The Committee of Experts of the PGTF, chaired by Dr. Eduardo Praselj of Venezuela, has appealed to member countries to increase resources. He has also recommended that the Fund should reach out to private foundations in its search for new sources of funding and also establish a durable relationship with these foundations in support of PGTF activities.

Dr Praselj said that in order to enable PGTF to continue being responsive to the increasing needs of developing countries, “it is imperative that its resources be significantly expanded.” The indicated medium-term target is to double the core capital to \$10 million.

The Committee has already explored options for maximizing returns through investment in high-quality securities with longer maturities. In particular, the Committee has proposed that since the core capital could not be utilized for supporting projects, some 20 percent of the portfolio be invested in securities with up to 10-year maturities.

## **G-77 CHAPTERS URGE APPOINTMENT OF SPECIAL REPRESENTATIVE FOR SOUTH-SOUTH COOPERATION**

GENEVA (IPS/G77)— Expressing the collective voice of the Group of 77 in New York, Washington DC, Geneva, Rome, Paris, Vienna and Nairobi, the chairmen/coordinators of the G-77 have urged Secretary-General Kofi Annan to appoint a Special Representative/Coordinator for South-South Cooperation.

Emphasizing the importance of South-South cooperation to developing nations, the G-77 chairmen/coordinators have also welcomed the adoption by the General Assembly of a resolution declaring a United Nations Day for South-South Cooperation.

Ambassador Nassir Abdulaziz Al-Nasser of Qatar, chairman of the G-77 in New York, said it is imperative to strengthen both trade and economic cooperation among developing nations.

“We have tremendous untapped potential in South-South cooperation that has remained unexploited. We have to give it a major boost,” he said.

Ambassador Al-Nasser also emphasized the urgent need for a Special Representative/Coordinator for South-South Cooperation.

“If we are to succeed in strengthening economic cooperation among developing nations, we have to have someone engaged in the task assigned on a full-time basis.”

The ambassador also said that the 40th anniversary meeting of the G-77 in Sao Paulo last June pointedly said that South-South cooperation is “an effective tool to maintain and strengthen our solidarity and unity”.

Through South-South cooperation, including at the regional and subregional level, developing countries have been able to avail themselves of the opportunities that lie beyond their borders for enhancing the welfare of their people, he added.

A communique issued after a meeting of the G-77 chapters in Geneva said the chairmen/coordinators also

reiterated the importance of convening a South-South Development Forum.

The Secretary-General's was asked to make necessary arrangements, through the Special Unit for South-South Cooperation, to mark the commemoration of the UN Day for South-South Cooperation.

“Today, South-South cooperation is a prominent item on the agenda of the Group of 77,” the communique said.

“The Group of 77 will maintain and strengthen its unity and expand functional cooperation among the Chapters. We are well aware that there are no miraculous answers to the problems of international trade and development. We strongly believe that bringing about the solutions to the development problems is a process”.

“In this context, we are very confident that the three major events in 2004, namely the 11th session of the Intergovernmental Follow up and Coordination Committee (IFCC-XI) in Havana, the Special Ministerial Meeting commemorating the 40th anniversary of the establishment of the Group of 77 in Sao Paulo, UNCTAD XI, as well as the Second G-77 South Summit to be held 2005, will provide an excellent opportunity to reassert developing countries' solidarity and their desire and ability to act together”, the communique added.

Additionally, the meeting of chairmen/coordinators also reiterated the South Summit decision to convene a South-South cultural assembly before the second G-77 South Summit.

“We welcome the ongoing efforts of the Chairman of the Group of 77 in New York aimed at launching in 2004 the G-77 research programme as decided by the South Summit and we call on all member States and UN organizations particularly the Special Unit for South-South Cooperation to extend support to the G-77 research programme,” the communique added.

### **G-77 PLEDGES PARTICIPATION IN THREE KEY MEETINGS IN 2005**

SAO PAULO (IPS/G77)— The 40th anniversary meeting of the Group of 77, held in Sao Paulo, Brazil in June, pledged to work actively for the success of three upcoming meetings in 2005.

The heads of state of the Group of 77 will participate in the high-level plenary meeting to be held at the commencement of the 60th UN General Assembly session in September 2005 to review progress made in the fulfillment of all the commitments made in the United Nations Millennium Declaration, including the internationally agreed development goals and the global partnership required for their achievement.

The forthcoming Second South Summit in 2005 — to

be held in Doha, Qatar in May 2005— will be an occasion to assess the implementation of the Havana Programme of Action and the Marrakech Framework for the Implementation of South-South Cooperation.

The Group of 77 also stressed the importance of effective preparation and participation of all developing countries in the second phase of the World Summit on the Information Society (WSIS) due to be held in Tunis from 16 to 18 November 2005.

The meeting in Sao Paulo also reiterated the necessity of access to information and communication technologies which is essential in promoting sustainable development and achieving the Millennium Development Goals.

## WORLD BANK/IMF MEETINGS FAIL TO RESOLVE DEBT ISSUE

WASHINGTON (IPS) - The World Bank and the International Monetary Fund (IMF) wrapped up their annual meetings in October with no major results for developing nations, but the gathering might have moved the issue of poor nations' debt onto rich nations' permanent agenda.

The annual meetings covered many topics. A half-hearted call by some developing nations to have more say and representation in the management of the two Washington-based institutions was politely received, but yielded no action from IMF and bank officials.

The officials also discussed financing of terrorism, the global economy and oil prices. But nothing was as high profile as a proposal to cancel 100 percent of poor countries' debts.

Finance ministers from the Group of Seven (G7) most industrialised nations who control the two financial powerhouses ended their official talks with no unified position on the debt proposal, but the issue received support from important players, including the United States and Britain.

IMF Managing Director Rodrigo de Rato described the IMF/Bank meetings as fruitful discussions on the issue, including the need to increase aid alongside debt relief. But no concrete results emerged, he told journalists.

"I hope these discussions will bring about the need for a political consensus that certainly is needed", de Rato said at the closing press conference.

World Bank President James Wolfensohn attributed the lack of concrete results to an absence of political will on the part of shareholder countries.

"It is a political decision made by the shareholders, and we are trying to give them all the support possible, he said. I think that the debate is engaged, and I hope it will be resolved before too long".

The lack of progress on debt dismayed many economists and non-governmental organisations (NGOs) that worked to bring the issue to the forefront of the meetings.

The 41 nations the World Bank defines as Heavily Indebted Poor Countries (HIPC) — 33 of them in Africa — owe about 220 billion dollars in foreign debts, says the Jubilee Movement for debt relief. That means each child in Nicaragua is born owing more than 2,000 dollars, in a country where average yearly income is only 390 dollars.

"We are of course disappointed that the G7 communique contained all of two sentences on debt, with only vague pledges to study the issue further", said the 50 Years Is Enough Network, a coalition of over 200 U.S. organisations that work to transform the IMF and the

World Bank.

The IMF/WB meetings, which immediately followed, offered no further news on debt.

Analysts blamed both European officials and the United States for not taking long-awaited action. The Europeans reportedly foiled a proposal from the U.S. Treasury Department to cancel 100 percent of the countries' debt, and to substitute loans to the poorest nations for a system of grants.

German Finance Minister Hans Eichel, for example voiced his country's opposition to that proposal, saying that shareholder countries needed to protect the financial position of the bank and the IMF.

Wolfensohn leaned towards the European position, warning that the U.S. plan could deplete the bank's financial position and available resources unless it included alternative funding for the two institutions, an argument that critics vehemently attacked.

They say Washington could have used its power to veto the European argument if it strongly backed the debt cancellation plan.

Washington has veto power in both the IMF and World Bank and has used it for 60 years on matters that are of importance to it, wrote Mark Weisbrot, co-director of the Centre for Economic and Policy Research, in an electronic message.

So the blame must fall upon all of the rich country governments for failing to cancel this debt.

Weisbrot argued that the IMF and bank's justifications for delaying debt forgiveness are typically feeble.

According to standard economic theory, international lending can benefit the borrowing country by allowing it to invest more and increase productive capacity, he said.

In this scenario the country has a net benefit even after paying interest and repaying the loans. But many developing countries are stuck in a situation in which their debt service payments exceed new borrowing, with no obvious reversal in sight.

On Tuesday, a group of international civil society groups that monitor the World Bank and IMF and which followed the weekend meetings, issued a joint statement decrying the failure to advance on any of the major issues, especially the debt crisis.

The groups noted that Iraq's debt of 120 billion dollars is getting far more attention than that of poor nations.

We note with concern that Iraq's debt is being given special treatment; all decisions on debt cancellation must be taken through an equitable and transparent process, said the statement.

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