

## Brazil's Lula in Africa for UN Conference on Trade and Development

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With the presence of Brazilian President, Luiz Inácio Lula da Silva, the 12th United Nations Conference on Trade and Development (Unctad 12) has started this Sunday, April 20, in Accra, capital of Ghana, in Africa. Leaders of the 193 member states at the organization will have a series of hot subjects to discuss until the 25th.

This is so because the event takes place at a moment in which the world is suffering the effects of the United States financial crisis and the high price of commodities are resulting, on the one hand, in greater revenues for producer nations, and on the other hand, on rising inflation of food prices and other products around the world, which affects especially the more impoverished populations.

These two issues are going to be at the center of discussions, whose theme should be "Facing the opportunities and challenges posed to development by globalization." The meeting should count on the presence of heads of state and government, ministers, diplomats, representatives of the private sector and of non-government organisations, specialists and artists.

Brazil plays a key role in the major subject matters of the conference, such as the impact of the financial crisis on global economy, due to the fact that so far, it has managed to remain almost unaffected by the disturbances that started in the United States; the price of commodities, as Brazil is a large producer of agricultural products and ores; and South-South cooperation, because the Brazilian government has been encouraging trade and partnerships among developing countries.

Brazil is also a large producer of biofuels, a segment that has been singled out as guilty for the rising food prices. The government of the country, however, sustains both domestically and abroad that the Brazilian model, based on sugarcane culture, does not exert any impact on food production, as it does not make use of food as raw material, and does not occupy lands used by other cultures.

In the assessment of Brazil, the villains in this story are the subsidies granted by the governments of the United States and Europe to its farmers, and which end up taking away the competitiveness of farmers in poorer countries.

According to the Unctad, between January 2002 and January 2008, the prices of mineral and metal commodities rose 285%, and oil reached US\$ 110 per barrel; and those of agricultural commodities grew 133%.

The organization rates this phenomenon as a mixed blessing because if, on the one hand, developing countries that export these products are now posting large increases in revenues, on the other hand, inflation in food prices has led to food insecurity, especially in the more impoverished nations. This problem became clear with the eruption of popular demonstrations against high food prices in several countries.

Furthermore, says the Unctad, profit from exports of commodities often do not reach the more impoverished populations in the producer countries, because a large share of them ends up in the hands of multinational companies or of other links in the production chain, such as the processing industry.

According to the organization, in the case of certain crops, the share of profit by small farmers was reduced, even though the price of the goods they produce increased.

"If the higher global income in the current situation, which is very positive, is not reaching the many poor people in the world, what can be done?", the organization asks. A roundtable of ministers is going to try and answer this question on the 23rd, under the theme "The changing face of commodities in the 21st century."

With regard to the financial market, the Unctad claims that, given the threat of recession in the United States and of a weaker economic performance in Europe, the perspective of progress for the world economy depends on the ability of developing to maintain their high growth rates. Therefore, the center of attentions should be economic dynamism in nations such as China, Brazil, India and South Africa.

Furthermore, the organization warns that the problems that arose from the United States mortgage crisis make it clear that there is a pressing need for greater coordination of macroeconomic policies among leading countries, and of better rules to be applied to the international financial market.

"There is a clear incoherence between the international trade system, which is regulated by a set of rules, and the international monetary and financial system, which is not (regulated)," according to a press release by the Unctad.

Although the impact of the crisis on the financial sector of developing countries was limited so far, proving that the institutions in those nations were less exposed to risky transactions, the worsening of the international turbulence may result in decreased demand for exports from these countries, greater aversion to risk, and therefore a rise in the cost of foreign capital, as well as in greater volatility in the commodities market.

The Unctad calls attention to the fact that the United States alone answer to 15% of global trade, and that 50% of the country's total imports come from developing nations. The organization alerts that the stagnation of the United States economy, if not at least partly compensated by stimulating consumption in Western Europe and in Japan, might result in a reduction of 2% to 2.5% in the growth rate of developing economies.

Regarding the issue of South-South trade, the organization informs that trade flow has tripled from 1996 to 2006, to reach US\$ 2 trillion, but only answers to 17% of global trade. For the Unctad, incentive to regional and international integration, which will be another theme of the conference, reduces the dependence of developing nations on a small number of markets, increases the level of industrialization, which results in higher profit and employment rates, and encourages the creation and the growth of small- and medium-sized companies.

Africa will receive special attention in this edition. There will be a discussion about the necessary measures for the nations in the continent to benefit more from globalization, and about what the international community can do to that extent. The panel "Trade and development for the prosperity of Africa: action and direction" is going to be presided by the secretary general at the UN, Ban Ki-moon, and mediated by the secretary general at the Unctad, Supachai Panitchpakdi.

The Unctad is essentially a meeting of ministers, diplomats and technicians, but in addition to Lula, other heads of state are going to be present, such as the host, the president of Ghana, John Kofi Agyekum Kufuor, the president of Finland, Tarja Halonen, and the president of Turkey, Abdullah Gül.

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