

**KEY NOTE SPEECH BY THE CHAIRMAN OF THE SOUTH  
CENTRE, HIS EXCELLENCY BENJAMIN WILLIAM MKAPA,  
AT THE FORUM ON MULTILATERAL COOPERATION 2015  
IN A WORLD OF CRISIS**

Hon. Foreign Minister of the Republic of Finland, Ladies and Gentlemen,

I would like to add my word of welcome to all of you to this Forum and especially to Minister Erkki of Finland. We are grateful to him and his delegation for coming to Geneva for this event and for the initiatives that he has taken for a North South dialogue including in Helsinki Process.

The theme for our Forum is multilateral relations in a world of crises.

Our world is indeed in multiple crises, and we need international cooperation in many ways now, more than ever before. The problem is that up to now we have not found a way to foster the cooperation that is necessary to address these crises. THAT lack of cooperation is probably our biggest crisis that we need to overcome.

Ladies and Gentlemen,

The global economy is still struggling to return to a strong and sustained path. And the economic activities in all countries including developed, emerging and developing countries are still suffering from the impact of the financial and economic crisis that started in 2008, and from the unsustainable financial processes and domestic and international imbalances that led to it.

The continued financial and economic crisis may be also fuelled by the current system of multilateral cooperation that has created global trade imbalances. Developing countries today face multiple interlinked challenges: - the global financial and economic crisis, climate change, Ebola and other emerging debilitating diseases. These are challenges that in large part, affect developing countries more harshly than they do the developed countries, and should be addressed, as priorities of the South in the international negotiations.

This year provides important opportunities for multilateral cooperation to mount collaborative efforts to face these challenges. These opportunities include; the Post 2015 Development Agenda, the conclusion of the formulation of the Sustainable Development Goals, the Financing of the Development Conference, the preparation for UNCTAD XIV,

the Climate UNFCCC COP in Paris and the WTO Ministerial Conference.

My emphasis is on the need to strengthen the principle of multilateral cooperation and North-South dialogue. We at the South Centre believe that the world is in the economic and financial crisis and these crisis have not spared the South. On the other hand, the Centre's mission is to promote multilateral cooperation oriented towards development while protecting the interests of developing countries and assisting them in multilateral negotiations.

A consequence of the severe economic and social meltdowns in the 1990s and early 2000s, is that developing countries have become more closely integrated into what is widely recognised as an inherently unstable international financial and economic system and will probably face strong destabilizing pressures in the years ahead.

Almost all developing countries are now vulnerable, irrespective of their balance of payments, external debt, net foreign assets and international reserve positions. The multilateral system is still lacking adequate mechanisms for an orderly and equitable resolution for external financial instability.

The international financial system is inherently unstable in large part because multilateral arrangements fail to impose adequate discipline over financial markets and policies in important countries which exert unreasonably large impact on global conditions. The multilateral system also lacks effective mechanisms for orderly resolution of financial crisis with international dimensions. It is very imperative now to review the current multilateral cooperation system and negotiations.

The surge in capital flows is another defly that started in the early years of the millennium and continued with full force after a temporary blip due to the collapse in 2008 of the Lehman Brothers financial services firm, It has resulted in a rapid expansion of gross external assets and liabilities of developing countries. More importantly, the structure of their external balance sheets has undergone important changes, particularly on the liabilities side, bringing new vulnerabilities.

Climate change poses serious global challenges of our time such that the developing countries continue to suffer the most from adverse impact. The increasing frequency and intensity of extreme weather events and the impact of response measures have continued to block the development aspirations of the South, thus devastating societies in the developing world,

threatening the right to development and survival of people and nations.

Fulfilling the ultimate objective of the United Nations Framework Convention on Climate Change, will require strengthening the multilateral, rules-based regime, and therefore further reaffirm the importance of continuing the negotiations on climate change under the Convention.

The new agreement must address all elements in the Convention including adaptation in a balanced manner and be ambitious, equitable and firmly based on science.

Traditionally, multilateral development institutions like the United Nations (UN), the World Bank (WB) and International Monetary Fund (IMF), whose aims are to promote and facilitate cooperation among countries, oversee and deliver concerted responses to development challenges alongside their bilateral and trilateral counterparts. However, the landscape on which development organizations operate has changed dramatically from the past, calling into question their current role as multilateral development institutions and their ability to address new emerging and evolving global development challenges.

The ongoing financial and economic crisis, the growing inequality between and within countries, the global population

explosion and its impact on natural resources and the challenges of climate change, all of which have implications for development, demonstrate the crucial importance of multilateral development agencies in dealing with these problems and challenges. This is especially true given the intensification of economic and social interconnectivity among countries in the world. All these problems and challenges require collective solutions with a new approach and spirit. It is now timely to critically examine the effectiveness of the multilateral cooperation system. The new approach should address the issues of declining donor support for multilateral organizations, the problem and extent of multilateral proliferation and the effective incorporation of new development partners into the multilateral aid architecture.

The multilateral cooperation negotiation has to ensure that globalization becomes a positive force for all the nations both of the South and the North. Theoretically, globalization offers great opportunities, but its benefits are presently very unevenly shared among nations.

The continuous striving for improvements in material welfare is threatening to surpass the limits of the natural resource base, unless there is a radical shift towards more sustainable

patterns of consumption and protection and resource use among nations in the world. In turn this calls for a shift of focus towards greater vigilance to guard against erosion of current and existing prospects and opportunities in the developed countries. Interaction among the developing countries, on the other hand, should aim at expanding mutual prospects and opportunities.

There is need for fresh thinking on the pattern of economic cooperation among the countries with a view to identifying and working out some relevant and essential elements of a healthy new international economic order. Such a new approach is particularly important for the developing countries.

The developing countries have been devoting excessively high time and resources to the negotiations with developed countries in multilateral, regional and bilateral framework. Considering the changing world economic scene, they need to shift the focus from these activities to an intense exercise for expanding mutual prospects and opportunities among developing countries themselves. In fact, developing countries may stand to gain much more by forging closer economic cooperation among themselves, and their losses may be small

as they may not have curtail much of their policy options in this process.

I am also concerned about some of the economic agreements that in recent years are being negotiated between African countries and some developed countries. In particular we in Africa are concerned about the ending of preferential agreements under which Europe has given preferences to Africa without asking anything in return. These are to be replaced by Economic Partnership Agreements in which Africa is asked to liberalise four fifths of its imports from Europe, and also undertake other obligations such as prohibiting export taxes.

I am afraid these will damage the economies of Africa because our farmers and industries are too small and weak to compete with the imports. The prospect of these EPAs has also caused social turmoil in Africa.

I would like to appeal to our European friends to reconsider the model of the EPAs and to provide all of Africa with the Everything But Arms preference that Europe gives to the LDCs. We also appeal to the United States to renew the AGOA preferences that are currently given to Africa without asking for liberalisation in return.



We hope the AGOA remains as it is and not be replaced with something like the EPA. One blow from one EPA from Europe is more than enough. We cannot take yet another blow from another EPA from the US or other countries.

Ladies and Gentlemen, I thank you for listening to me. I hope we can have a fruitful dialogue this afternoon. Thank you very much.