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## What recipes against foreign land grabbing?



### Sorghum from Sudan for camels in the Gulf

The (mostly authoritarian) governments of the target countries are welcoming investors with open arms, despite the often precarious food situation in their own country. They are hoping for the modernisation of their agriculture, the expansion of rural infrastructure, foreign exchange and jobs. It matters little that what is designated as «undeveloped» land is passing to investors for 50 or 99 years, despite often being used by small farmers, gatherers and livestock farmers. Formal land titles are something of a rarity in African countries, where the land is mostly state-owned.

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The race by companies and countries to secure huge tracts of land in poor countries (land grabbing) is in full swing. Fresh news appears every day on the relevant web portals. Farmers and NGOs are warning against the further marginalization of the rural population. Yet the World Bank and other development agencies are betting on «win-win» outcomes and voluntary guidelines for investors.

It was wealthy Arab oil states and emerging economies such as China and South Korea that were initially the driving forces. To secure their own supplies of basic foodstuffs and plant-based commodities, they began buying up or securing long-term leases on tens of thousands of acres in Africa and Asia, in countries of the former Soviet Union and in Latin America. Since the onset of the financial crisis, more and more financial funds have discovered farmlands as a very pro-

ducing object of speculation and investment. In October, the specialized non-governmental organization Grain listed 140 hedge funds, private equity groups and other financial agencies that are staking their bets on rising prices and returns, given the predictable shortage of food, water and energy sources. These include Swiss institutions such as UBS Agrinvest and the PF (LUX) Agriculture Fund set up in 2009 by the Geneva private bank Pictet (see page 5).

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### And if the climate scientists were wrong?

Louisiana, Texas and Oklahoma recently passed laws requiring teachers to deal «critically» with scientific theories on evolution and climate change and confront them with «alternative» theories. The South Dakota House of Representatives passed a resolution calling for «balanced teaching» in schools, *inter alia*, because «Carbon dioxide is not a pollutant, but rather a highly beneficial ingredient for all plant life». The majority decision was assured by Republicans and the climate sceptics within the evangelical movement.

Deciding on the substance of scientific theories should hardly come to a parliamentary vote in Europe. But the recently revealed mistakes in the scientific work of the Intergovernmental

Panel on Climate Change (IPCC) have given fresh impetus to the climate change deniers here as well, although the two (!) mistakes so far detected do not alter the content of the theory of global warming.

Let us assume, *à contre coeur*, that the «climate sceptics» are right and the global warming theory is wrong. What harm would it do if over the next twenty years the world drew the conclusions from the supposedly false theory, and changed over to renewable energy sources, low-carbon production processes and conservation, instead of felling virgin forests? None. What is more, oil supplies are not unlimited, and even the Chief Economist of the International Energy Agency, which is closely associated with the USA, now predicts peak oil in 2020.

It cannot be said of other scientific theories and their practical implementation that it does not matter whether they are

true or false. If, contrary to the assertions of scientific theories, gene technology, nano-technology and nuclear energy technology have more than just innocuous and controllable effects, the resulting damage to mankind could be monumental. In this case the deniers of global warming do believe in the science. They are even ready to take «residual risks» for the general good. The only «risk» they shun is that climate science could be wrong. The real risk, however, is that the global warming theory is right. Is it not irresponsible not insure oneself against it and take the necessary action?

Peter Niggli,  
Director



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Three examples:

- In the Sudan, the United Nations World Food Programme (WFP) is carrying out its largest aid programme (USD 635 million in 2008). At the same time, the Sudanese government has leased 1.5 million ha of prime farmland for 99 years to various countries and firms. That land is now being used to grow wheat for Saudi Arabia, tomatoes for the Jordanian army and sorghum (a staple in Sudan) for camels in the United Arab Emirates.
- Ethiopia is the WFP's second best client (USD 287 million in 2008). Yet the government wants to lease altogether 3 million ha of land to states and foreign companies by 2013. By way of incentives it is offering low land and water prices, tax exemptions as well as unlimited scope to export products and repatriate profits. Misereor and the Heinrich Böll Foundation observe

in a country study that: «For a country like Ethiopia where more than 45% of the total population are food insecure and one of the main reasons is the low availability of fertile land [...] this development seems to drive rural development in the complete wrong direction.»<sup>1</sup>

- In Mali, one-third of children under five years are malnourished. Owing to advancing desertification, population growth and competition from foreign investors, more and more farming families are suffering from land shortages. In 2008, a Libyan state investment fund secured 100,000 ha of irrigable land (Malybia Project) from the Office du Niger (inner Niger Delta). It will be producing hybrid rice as well as meat and tomatoes for consumption in Libya. The Dutch development organisation Oxfam Novib reports that 150 farming families were resettled (but only 58 compensated), many women in neighbouring villages lost their vegetable plots, and transit routes used by live-

stock farmers were cut. The Libyans contracted a Chinese firm to build a huge irrigation canal. Neither the regional authorities nor the population were consulted. The deal was signed by the two Heads of State.<sup>2</sup>

### World Bank betting on «win-win» outcome

Two years ago the World Agricultural Council published a World Agriculture Report commissioned by various United Nations organisations. The study concludes that to effectively combat hunger and secure long-term food supplies, a radical change is needed in international agricultural policy. There has to be a shift away from huge industrial projects towards more small-scale farming, which is just as productive but more socially oriented and environment-friendly.

«Land grabbing», as the acquisition of lands by states and companies is often called, leads in the diametrically oppo-

Photo cover page: Women cultivating land in Madagascar. (Photo: Richard Gerster)

site direction. Investors are banking on large acreages that can be exploited industrially. Despite this, multilateral organisations such as the World Bank and United Nations Food and Agriculture Organisation (FAO), as well as donor countries speak of possible «win-win situations». If properly implemented, they claim, these urgently needed investments could help boost productivity, develop rural infrastructure, create jobs and meet the growing demand for food. Consequently, World Bank Group member International Finance Corporation (IFC), which specializes in promoting private investment, has massively expanded its Global Agribusiness Department and is pressing governments to make investor-friendly reforms.<sup>3</sup>

The World Bank is currently working together with FAO, the United Nations Conference on Trade and Development (UNCTAD), the International Fund for Agricultural Development (IFAD) and Japan to draw up guidelines for «responsible investors». They are intended to

*«A Libyan state investment fund secured 100,000 hectare of irrigable land in Mali. It contracted a Chinese firm to build a huge irrigation canal.»*

regulate matters like transparency, respect for land rights, the inclusion of local populations and the fair distribution of profits. At the urging of the world's largest net food importer Japan, the 2009 L'Aquila G8 Summit too threw its weight behind the project. The Japanese Foreign Minister's view, however, is that the guidelines should be voluntary so as not to scare investors.

### Strengthening grassroots organisations

The reaction from rural grassroots organisations and development NGOs ranges from scepticism to rejection. Uwe Hoering, who has intimate knowledge of World Bank agricultural policy, is con-



*Biofuels instead of food: Jatropha plantations belonging to the Anglo-Canadian Emergem Resources group in Mozambique. It already owns 60,000 ha of land and is negotiating another 60,000 ha. (Photo: Daniel Ribeiro)*

vinced that «Voluntary guidelines and appeals for good behaviour will not be enough to prevent countless smallholdings from having to make way for inves-

as well as the food security of the country concerned. Switzerland too supports this initiative. This year, the FAO and IPC – an international NGO network for food security – will jointly be organising nine regional meetings to discuss the content and scope of these guidelines.

For Miges Baumann, Head of Development Policy at Bread for All, it is important at the same time to support local grassroots organisations that are campaigning against land grabbing. Bread for All and Helvetas are setting a good example by concretely supporting the Synergie paysanne farmers union (SYNPA), which advocates for poor farmers and against large-scale biofuel cultivation in Benin. Swiss Catholic Lenten Fund supports grassroots organisations in the Philippines that are defending themselves against land grabbing.

*Pepo Hofstetter*

tors.» What is needed is not investment in «mega-farms by a few mega-owners», but «investment in food security, in the countless local markets and in those 4 billion people who produce the bulk of the food.» At the FAO World Food Summit in Rome in November 2009, farmers' organisations (including Via Campesina) and NGOs issued a joint declaration calling for the rejection of massive investment projects and the strengthening of smallholder structures and the rights of rural populations.

In so doing they are supporting a process launched by the FAO in 2006 and are taking a broader view of the problem. The goal is to draw up guidelines for land ownership and leases and natural resources, central to which will be the rights of small and landless farmers

<sup>1</sup> Lucie Weissleder: Foreign Direct Investment in the Agricultural Sector in Ethiopia, Bonn, October 2009.

<sup>2</sup> Verie Aarts LL.M: Unravelling the «Land Grab», How to Protect the Livelihoods of the Poor? Oxfam Novib, Amsterdam, October 2009.

<sup>3</sup> As for example in Pakistan, see: The Great Land Grab, The Oakland Institute, Oakland, October 2009, [www.oaklandinstitute.org](http://www.oaklandinstitute.org)

## Interview

# The SDC and land grabbing Setting limits for investors

How do experts from the Swiss Agency for Development and Cooperation (SDC) view land grabbing in the South by companies and states? Alliance Sud News spoke with Andrea Ries and Sabina Schenk of the SDC Global Programme Food Security.

*Alliance Sud News: Jacques Diouf, Head of the United Nations Food and Agriculture Organisation FAO, described land grabbing in poor countries as neo-colonialism. How does the SDC describe it?*

*Sabine Schenk:* We cannot speak of neo-colonialism alone. These are sovereign states in which investments are being made. The governments view so-called unused land as huge reserves. Now that there is such widespread assumption that the long-term trend will be toward rising food and farmland prices, govern-

*It was also more or less sovereign states that 80 years ago secured fruit plantations in Central America or in the Philippines. The small farmers are still suffering to this day as a result. What gives you hope that things will be any different this time?*

*Andrea Ries:* There are smarter models than pure plantation agriculture. An investor can work together with small farmers, as is the case with coffee for example. Which models are good and capable of promoting development – that is the question today.

*«It is of paramount importance to support small and livestock farmers such that they can organise themselves to represent their interests and exert pressure.»*

Sabina Schenk

ments do not wish to leave the land «lying fallow» and are actively courting investors by means of very low lease prices, amongst other things. Ethiopia for example is asking 1-8 dollars per hectare, and the situation is similar in other countries. Some governments are assuming that they will be able to raise prices as soon as the investments are activated and production gets under way.

***So land grabbing poses no problem, one needs only make sure that it is properly done?***

*Andrea Ries:* No. But we need to differentiate, and look at the type of investment involved. We are not sufficiently familiar with the facts at the moment. The World Bank will be publishing a major study on 20 countries in April. We will then see what the trend is.



*Sabina Schenk is Advisor for Sector Policies in the SDC Global Programme Food Security. (Photo: Alliance Sud)*

***Numerous studies already show that it is moving in the wrong direction: pressure on the land is rising, and land rights are being violated.***

*Sabine Schenk:* The problem is that over the past 30 years no investment has been made either in small-scale production of local foodstuffs or in local markets. Instead, investment has been in the traditional export products – cotton, coffee, cocoa, peanuts, etc. Only what was left over, such as surplus manure, went into food production for local markets. And that is particularly true of Africa. Now large investors are to fill that gap. But I think that there is reason to doubt whether they will change anything for

the better. Because they are mostly interested in mass production for the world market or for their home country, and not necessarily by sustainable methods.

#### **Where does the solution lie?**

*Sabine Schenk:* Small-scale sustainable production holds enormous growth potential, both for securing self-sufficiency and producing for local, regional and international markets. This must be encouraged.

#### **Yet land grabbing is in complete contradiction to this.**

*Sabine Schenk:* In many African countries the political elites do not believe in small farmers. They see a growing population and increasing land degradation, mounting pressure on resources and productivity that has hardly increased or decreased in recent decades. They wonder: How are we to feed our people, especially the growing urban population? They have adopted the western ideal of modernisation, involving new technologies and large-scale mechanisation. They say: we do not have the wherewithal to achieve this, so we need foreign investors.

*Andrea Ries:* It will indeed call for foreign investment, because development cooperation alone is not enough to cover the enormous pent-up demand.

#### **Is SDC feeling the impact of land grabbing in its priority countries?**

*Sabine Schenk:* Indirectly, for example in Niger, where Gulf states and Libya have set their sights on fertile lands all over the country. It began in the wetlands of the Niger River, which are internationally protected, and where the SDC is working. Saudi investors wanted to secure a concession of 30,000 or 40,000 hectares there to grow rice. The negotiations were taking place behind closed doors in the capital. As word leaked out, resistance took shape. The concession became a national political issue, and the area has remained protected up to now. But the

matter has not yet been finally settled. The sensitisation and mobilisation of the population has nevertheless begun, for Niger has limited resources in terms of water, fertile land and pastures, and investors are targeting most of the prime land.

#### **Is SDC taking up the issue in policy dialogue with the governments?**

*Sabine Schenk:* It is important for us along with other donors to be active in the policy dialogue with governments and regional organisations. It is even

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## Banks, financial funds and companies The Swiss Connection

In Switzerland too, several banks, financial funds and companies are involved in land grabbing. Banks are thus providing services to companies that invest in land, and offering their customers mutual funds that include those companies' stocks. Credit Suisse and UBS, for example, participated in the Golden Agri-Resources share issue in 2009. The world's largest listed palm oil producer in Indonesia is acquiring huge tracts of land exclusively for palm cultivation.

A good many Swiss-based investment funds have also become specialized in investment in agriculture. The two private banks Pictet and Sarasin, for example, are offering agriculture funds, with the latter openly also engaging in «land finance», which is land purchasing. While Sarasin remains silent about any ethical criteria for company selection, Pictet is collaborating with Ethos, the foundation for sustainable investment. Both banks' funds invest in COSAN, for example, the biggest Brazilian sugar producer. Its activities include speculative purchases of land holdings and farming estates in Brazil so as to profit from value increases.

Other funds are GlobalAgriCap (Zurich), GAIA World Agri Fund (Geneva) and

Man Investments (CH) AG (Pfäffikon SZ). They invest in companies that buy land in Europe, Kazakhstan, Brazil and Russia.

The commodity multinational Glencore (Zug) owns over 300,000 hectares of agricultural land in Australia, Kazakhstan, Paraguay, Russia and Ukraine. The Geneva-based Addax Bioenergy company recently made headlines. In February it concluded a contract with the Government of Sierra Leone for a 50-year lease on 15,000 hectares of land. As of 2012, Addax will be producing 100,000 cubic meters of ethanol from sugarcane for the European market. Over 20,000 people live in the region concerned, growing rice, cassava and vegetables. Sierra Leone is one of the world's poorest countries and more than half the population suffers from malnutrition.

*Yvan Maillard Ardeni*

*Yvan Maillard Ardeni is responsible for the International Finance and Corruption desks at Bread for All. The text is based on research he has done for «EinBlick» (German)/«Repères» (French), a Bread for All publication. The «EinBlick» issue on the topic of «Land grabbing» will be out in May. More at: [www.brotfueralle.ch](http://www.brotfueralle.ch).*

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*«Non-binding principles too can help prevent conflicts precisely in countries with a weak state apparatus.»*

Andrea Ries

more important, however, for the people concerned to be able to weigh in. This requires strong associations of small farmers, including livestock framers – they are probably the worst affected as they roam very sparsely populated areas with their flocks, using the pastures on a seasonal basis. In such cases, governments are quick to say that it is unused land.

It is of paramount importance to support small and livestock farmers such that they can organise themselves to represent their interests nationally and regionally, and exert pressure. For many years now SDC has been deeply involved in the Sahel countries in this regard. It is one of the few donors to engage in capacity building of this kind on a systematic, continuous basis and in dialogue with all the stakeholders, especially with governments. This is bringing results.

***The SDC is also engaged in international dialogues. With what objectives?***

*Andrea Ries:* We are supporting two processes. The FAO is working on guidelines for the governance of land and natural resources; they are addressed to governments and are very broad in

scope. Thought not exclusively, they are also about land issues, land rights, expropriation or resettlement. In parallel, the World Bank, FAO, IFAD and UNCTAD as well as donor countries are working on principles for responsible agro-investment aimed primarily at private and state enterprises.

***Such principles are non-binding and hardly more than a fig leaf.***

*Andrea Ries:* No, they are absolutely warranted, as the example of the forestry and timber industry demonstrates. There are no effective international regulations for companies operating internationally because their home countries, including Switzerland, are opposed to this. But there are models with government, investor and civil society participation, and these can deliver results. One example is the Extractive Industry Transparency Initiative (EITI) for the extraction of raw materials.

***What does the SDC expect from the FAO and World Bank processes?***

*Andrea Ries:* The FAO process is of capital importance, because the absence of land rights almost inevitably spawns conflict. Nevertheless, different tools are



*Andrea Ries is Head of the SDC Global Programme Food Security. (Photo: Alliance Sud)*

needed for different players, that is to say, for governments and for investors. Non-binding principles too can also help prevent conflicts precisely in countries with a weak state apparatus.

*Interview: Pepo Hofstetter and Michèle Laubscher*

**More on land grabbing:**

- > [www.grain.org/landgrab](http://www.grain.org/landgrab)
- > [www.landcoalition.org/cpl-blog](http://www.landcoalition.org/cpl-blog)

Mark Herkenrath

## Fighting tax evasion Is the South being left behind?

**More and more offshore financial centres are committing to enhanced information exchange with foreign tax authorities. The developing countries have so far not benefited from this significant forward step in the fight against international tax evasion.**

In recent months, prominent offshore financial centres including Switzerland have signed dozens of revised Double Taxation Treaties (DTTs) as well as new Tax Information Exchange Agreements (TIEAs). They are reacting to the ominous OECD list of uncooperative tax havens and the threat by the G-20 to impose economic sanctions on the countries on the list. The new agreements reflect the current OECD standard. That means that they provide for sharing bank information on possible tax evaders in cases of reasonable suspicion.

However, only a fraction of these agreements concern countries in the South. A study by the German charity Misereor shows that of all double taxation agreements worldwide that provide for international administrative assistance in cases of both serious tax fraud and simple tax evasion, only 6 per cent include a developing country.<sup>1</sup> There are no TIEAs with developing countries. Although the countries of the South urgently need higher tax revenues for poverty reduction and development financing, the offshore centres of the North have hardly given them any support so far in the fight against international tax avoidance.

<sup>1</sup> Misereor: «Double Tax Treaties and Tax Information Exchange Agreements: What Advantages for Developing Countries?», 26 January 2010.

### Switzerland's inglorious role

Switzerland is no exception in this regard. Of the eleven newly negotiated DTTs which it has now signed, one concerns the OECD member Mexico, but not a single one any poorer developing country (as of end-February). But there is more. In the new strategy for the financial centre published last December, the Swiss government makes discrimination against developing countries into an official guideline. It notes that OECD countries continue to have priority in the ongoing revision of DTTs. The countries of

the South therefore clearly take second place. The report makes no mention of the earlier offer by the Swiss government to grant to developing countries an agreement on taxation of savings income similar to that with the EU.

In the upcoming peer review by the OECD Global Forum on Taxation, such discriminatory practices could have negative consequences. No decision has yet been taken regarding the precise procedure for these reviews. But non-gov-

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### Disadvantages feared

The fact that since March 2009 Switzerland has not signed a single revised or new double taxation treaty (DTT) with developing countries is not attributable only to its discriminatory priority setting (see main article). According to the tax authority, hardly any inquiries have so far been received in that regard either. For although the countries in the South do have every interest in expanded administrative assistance, renegotiating a DTT represents a considerable administrative burden on them.

Developing countries with which DTTs already exist must also fear disadvantages to themselves in exchange for extended administrative assistance. One example could be a reduced source tax rate on dividends from Swiss companies' foreign affiliates. In the revised DTT with Mexico, that rate on dividends was reduced from 10 per cent to zero. That is a high price to pay for a mutual assistance provision whereby Mexico must already know the name and bank details of putative tax evaders in order to obtain further information from Switzerland.

*Mark Herkenrath*

Peter Niggli

## Crisis management and Global Governance

# The UN as onlooker

**The onset of the financial crisis has heralded the disintegration of the traditional structures of international politics and cooperation. The group of the twenty largest industrial and emerging countries (G20) has swallowed up the «World Economic Directorate» of the seven old industrialised countries plus Russia (G8), split up developing countries and relegated the UN to the role of onlooker.**

Foreign policy circles in Switzerland are feeling «homeless» in the new world. Then-President Hans-Rudolf Merz complained before the UN General Assembly last autumn that the G20 was not transparent and that its decisions lacked legitimacy. He later said that Switzerland should get as close as possible to the G20, or set up an «anti-G20» with other economically powerful states. The Swiss Agency for Development and Cooperation (SDC) believes that multilateralism is in danger: The G20 have reduced «the relevance and influence of genuine multilateral processes and institutions» such as the UN, and the International Monetary Fund (IMF) and World Bank must now dance to the tune of the G20.<sup>1</sup>

### G20: a small step forward

The fact is that small informal groups of states have long exerted a disproportionate influence on the UN, IMF and World Bank. The G7 decided what went on in the IMF and World Bank. For years now Swiss representatives in these institutions have been complaining that in fact they have not been able to do more than rubber-stamp the decisions of the G7. Consequently, G7 summits have always elicited international protests, the charge being that the G7's claim to leadership has no legitimacy, that the Group is not representative and only champions the

interests of the minority of rich countries.

In this respect the G20 is a step forward. On their website they boast of a «high degree of representativeness and legitimacy» because the members are drawn from all continents and account for two-thirds of the world's population as well as 90 percent of world economic output.<sup>2</sup>

### UN Crisis management weakened

The G20 has so far had three impacts. First, on the economic crisis: The coordinated fiscal stimulus programmes of G20 members significantly cushioned the worst effects of the crisis. It would also benefit the Swiss government to acknowledge this publicly. Bragging, as it is now doing in the midst of crisis, about posting state budget surpluses and having mastered the crisis the best, is failing to acknowledge the international crisis management endeavours from which it is benefiting but to which it has contributed nothing.

Second, on the United Nations: The G20 has denied the UN any major role in dealing with the crisis. Until 2008 there was polarisation between the Bretton Woods Institutions (IMF and World Bank) and the UN over economic matters. Indeed, the final say rested with

the Bretton Woods Institutions, which are controlled by the G7 along with smaller industrialised countries. This was why all developing and emerging countries wanted to see economic issues being dealt with more in the UN framework. In the autumn of 2008, they might have used the crisis – which was also a crisis of faith in the Western market model – to strengthen the economic role of the UN. They supported such proposals as were made for the creation of a UN World Economic Council and a programme for new global economic rules.<sup>3</sup> Had the G7 not co-opted China, India, Brazil, South Africa and other major emerging economies into the new G20 «World Economic Directorate», these proposals would have received stronger backing. Incidentally, under the influence of the Ministry of Finance, the Swiss government opposed an expanded economic role for the UN and in that way has strengthened the G20.

### G77: case-by-case

Third, on the G77: In many international negotiations the developing and emerging economies operate through the G77, the platform for coordinating 133 developing countries plus China. They do so even though their interests are by no means identical except in opposing Wes-

<sup>1</sup> SDC, Global Cooperation, Annual Programme 2010, p. 2ff.

<sup>2</sup> [www.g20.org/about\\_faq.aspx](http://www.g20.org/about_faq.aspx)

<sup>3</sup> The Stiglitz Report: Reforming the International Monetary and Financial Systems in the Wake of the Global Crisis. New York. 2009.

tern hegemony. The G77 carries weight if its heavyweights China, India, etc. stand behind the positions agreed.

This initially appeared to be the case also at the climate negotiations. The G77 wanted to achieve a wide-ranging agreement with binding emission reduction targets for the industrialised countries in accordance with IPCC recommendations, much like the European Union. The points of contention lay in the details, especially in the funding aspects. In Copenhagen, however, the «Gang of Four» comprising China, India, South Africa and Brazil broke ranks with the G77 and negotiated the non-binding Copenhagen Accord with the USA, of which the conference «took note» with consternation. In so doing they helped the USA provisionally push through its idea of a weak climate agreement encompassing all countries. The G20 played

*«There are still chances for inclusive multilateralism. The SDC was too quick to lament its passing.»*

no active role in Copenhagen – the United States had resisted Europe's wish to address global warming at their Pittsburgh Summit in September 2009. But had the G20 not been created, the Gang of Four would not have broken ranks with the G77 in Copenhagen.

**Internal contradictions**

Yet it is unlikely that the G20 will be as cohesive as the G7. The areas of conflicting interests are clear. As yet, the Bretton Woods Institutions have by no means been reformed as the emerging economies would wish. Until that happens, they will neither participate massively in

funding them, nor give up on financial institutions under their own control like the Chiang May-mechanism or the Banco del Sur. The same applies to trade and the World Trade Organisation (WTO). This is even more so when it comes to issues of power politics power such as the various US wars or imposing sanctions on countries that the West deems to be hostile.

The emerging economies co-opted into the G20 can therefore to be expected to continue playing on the G77 keyboard. This means that there are still chances for inclusive multilateralism. The SDC was too quick to lament its passing.

## The proliferation of the G-X process

### The who's who of the Gs

As a result of the «oil crisis», the seven biggest industrialized countries came together in 1976 to form the G7 (see table). In 1998 they expanded to become the G8 with the inclusion of Russia. Since 2005 the G8 has been regularly inviting five major emerging economies (G5) to their summits.

After the outbreak of the 2008 financial crisis, France, Canada and the United States called for the 20 largest industrialised and emerging countries to be convened – the G20 – rather than the G8, to deal with the crisis. It was decided at their Pittsburgh Summit in September 2009 that the G20 would immediately take over from the G8 as the «World Economic Directorate». France and Canada had previously pleaded in vain for the creation of a G14 consisting of the G8, G5 and Egypt, as that would have given the old industrialized countries somewhat more weight.

The G20 goes back to the conference of the 20 finance ministers first convened at the initiative of the G8 in 1999. After the 1997/98 (Asian) financial crisis, they were to work out a new, more stable financial architecture. They did not succeed, as the new financial crisis has demonstrated.

In March 2009 the U.S. launched the Major Economies on Energy & Climate Change Forum (MEF). It is composed of 17 members of the G20 without Argentina, Saudi Arabia and Turkey. The MEF shows that the proliferation of G-X groups has probably not ended with the formation of the G20.

*Peter Niggli*

«G-X» Members

G20 Members	G7/G8	G5	MEF
USA			
Canada			
Germany			
France			
UK			
Italy			
Japan			
Russia			
European Union			
Brazil			
China			
India			
Mexico			
South Africa			
Argentina			
Australia			
Indonesia			
Saudi Arabia			
South Korea			
Turkey			

Rosmarie Bär

## Climate policy after Copenhagen Dismal outlook for climate

**At the end of the year Cancún is expected to produce what Copenhagen failed to do: a binding climate agreement that holds global warming below 2 degrees Celsius. Whether this will happen is more than doubtful.**

Copenhagen has left climate policy circles with something of a hangover. There were no positive signals, and for now it was impossible to kick-start the stalled negotiations. To get them back on track, the UN has convened a meeting in Bonn at short notice (see box).

There are only slim chances that the end of the year could still bring a successor agreement to the Kyoto Protocol, which expires in 2012. A long-time insider of the Swiss Federal Administration puts them at one per cent maximum. Why this assessment?

1. Things are at a standstill regarding CO<sub>2</sub> reduction targets. The national target figures announced by the industrialized and emerging countries are not a single per cent higher than before Copenhagen. The EU is standing by its paltry 20 per cent, as is Switzerland, and this despite the common knowledge that at that rate we are heading for a temperature increase of 3.5 degrees.
2. The new EU Climate Commissioner Connie Hedegaard has already given up hope of a binding agreement. Even in January, the President of the failed Copenhagen Summit pleaded for an effort to arrive at a «real climate treaty» in Mexico. She now calls this «unrealistic» and at this point is expecting only «partial political agreement».

3. Yvo de Boer, head of the UN Climate Secretariat, will throw in the towel on 1 July. This is a serious blow to the progress of negotiations under UN auspices. De Boer was seen as the guarantor of a post-Kyoto agreement in which developing countries would be present at the negotiation table on an equal footing.
4. The US Senate continues to torpedo President Obama's climate legislation and by extension any constructive international role. Instead, the US Special Envoy on Climate Change is calling on emerging countries for «more far-reaching measures», otherwise even the minimum agreement reached in Copenhagen would be «stillborn». The US wants to conduct

the global climate negotiations within exclusive groups such as the G20 or the Major Economies Forum on Energy and Climate Change. The biggest polluters would in that case be amongst themselves and the poorer developing countries left out.

5. On a voluntary basis, China wishes to emit 40-45 per cent less greenhouse gases per unit of GDP than in 2005, and India 20-25 per cent less. These are not cuts, but merely a slowing of emissions. Both countries are demanding higher reduction targets of industrialized countries.
6. Under the Copenhagen Accord, developing countries are to be provided with 30 billion over the next three years and 100 billion US dollars as of 2020 for adaptation and protection measures. Where the money is to come from, is anybody's guess. The British Prime Minister Gordon Brown and his Ethiopian colleague Meles

### Crowded schedule

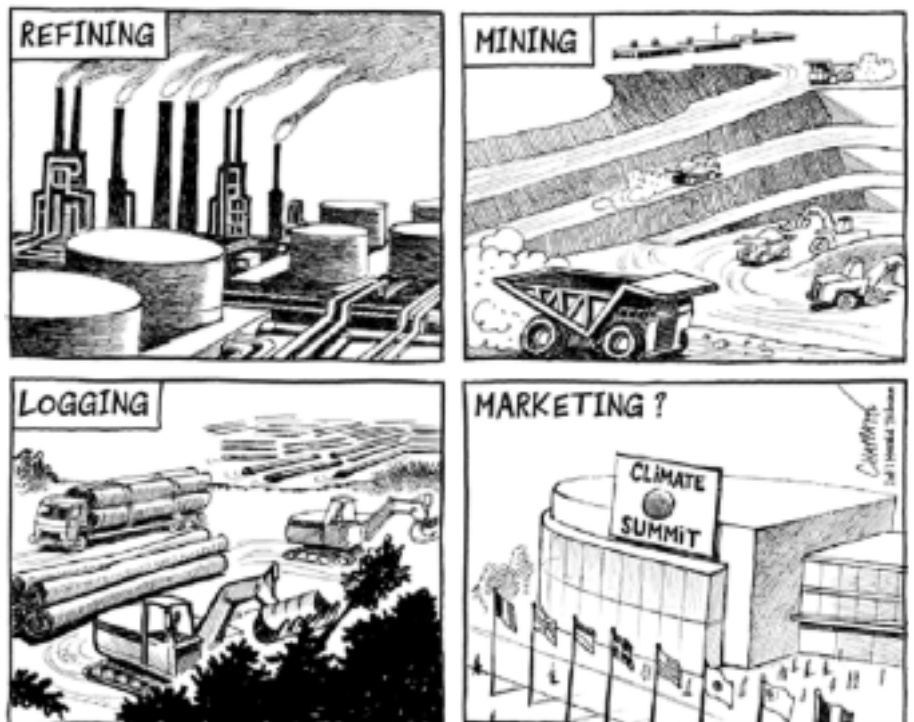
The «deadlock-breaking round» of climate change negotiations convened at short notice by the UN will take place from 9 to 11 April in Bonn [at the time of going to press; edit.]. In early June (31 May–11 June), an interim, ministerial conference will take place. The next Conference of the Parties (COP 16) will be held from 29 November–10 December in Cancún (Mexico). In addition, Switzerland is looking into the idea of convening a handpicked «Ministerial Round» on the topic «Adapting to Climate Change» in the autumn.

In response to the failure of Copenhagen, Bolivia's President Evo Morales has invited social movements from around the world to a conference (People's World Conference on Climate Change and Mother Earth's Rights). It is set for 19–22 April in Cochabamba: <http://pwccc.wordpress.com>.

«There are only slim chances that the end of the year could still bring a successor agreement to the Kyoto Protocol. An insider of the Swiss Federal Administration puts them at one per cent maximum.»

Zenawi have been charged by UN Secretary-General Ban Ki-moon with seeking innovative long-term funding sources to fill the climate protection funding gap. There is a great danger that instead of fresh funds coming into play, development funds will simply be relabelled.

In the Swiss Administration a special delegation is currently trying to identify the sources from which to draw the 150 million Swiss francs announced by Environment Minister Moritz Leuenberger in Copenhagen as the Swiss contribution for the years 2010–12. Where and when they will find the funds is anyone's guess.



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ernmental organisations from around the world, including Alliance Sud, have jointly called for the inclusion of development policy evaluation criteria. Not only should account be taken of the number of countries with which the reviewed tax havens have agreed to provide more ex-

tensive administrative assistance, but also how many of those agreements affect developing countries. As things stand, Switzerland would come off very badly here, but might do well to emulate the British example. The island nation, which does indeed contribute to the

concealment of international financial transfers through its anonymous trusts, is currently examining the conclusion of a multilateral TIEA with a range of developing countries.



**Fighting tax evasion**

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