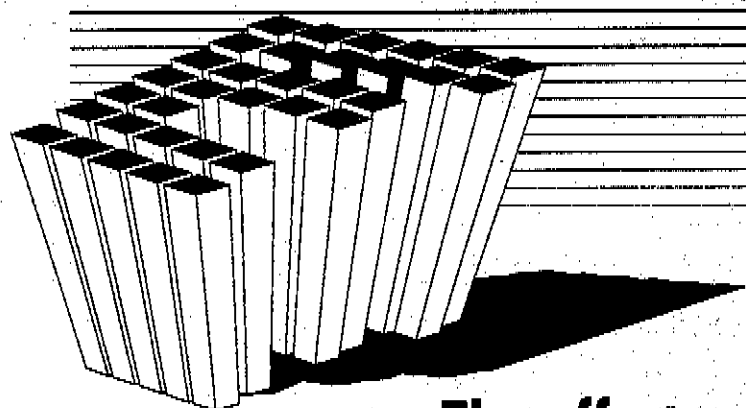


HEALTH

ECONOMICS



**The effects of international
trade liberalization on the health
of poorest population groups:
annotated bibliography**



**WHO TASK FORCE ON
HEALTH ECONOMICS**

HEALTH ECONOMICS

THE EFFECTS OF INTERNATIONAL TRADE LIBERALIZATION ON THE HEALTH OF POOREST POPULATION GROUPS :

ANNOTATED BIBLIOGRAPHY

Sylvie HOURIET
WHO Task Force on Health Economics consultant



WHO TASK FORCE
ON HEALTH ECONOMICS

June 1998

Documents of the WHO Task Force on Health Economics

- WHO/TFHE/93.1 A bibliography of WHO literature.
- WHO/TFHE/94.1 A guide to selected WHO literature.
- WHO/TFHE/95.1 Une démarche participative de réduction des coûts hospitaliers. Hospices cantonaux vaudois (Suisse).
- WHO/TFHE/95.2 Environment, health and sustainable development: the role of economic instruments and policies.
- WHO/TFHE/95.3 Identification of needs in health economics in developing countries.
- WHO/TFHE/95.4 Health economics: a WHO perspective.
- WHO/TFHE/95.5 WTO: what's in it for WHO?
- WHO/TFHE/96.1 Cost analysis and cost containment in tuberculosis control programmes: The case of Malawi.
- WHO/TFHE/96.2 Drugs and health sector reform.
- WHO/TFHE/96.3 A guide to selected WHO literature.
Supplement: January 1994 - May 1996
- WHO/TFHE/97.1 The Uruguay Round and drugs.

TFHE technical briefing notes

- WHO/TFHE/TBN/95.1 Privatization in health.
- WHO/TFHE/TBN/97.1 Poverty and health: an overview of the basic linkages and public policy measures
- WHO/TFHE/TBN/97.2 Measuring trade liberalization against public health objectives : the case of health services

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Annex : Countries in the major world aggregates

Abbreviations

ACP	Africa, Caribbean and Pacific
APEX	Agricultural Production and Export
ASEAN	Association of South East Asian Nations
DCs	Developing countries
EPZ	Export Processing Zones
EU	European Union
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
G/L	Globalization/Liberalization
HIV	Human Immunodeficiency Virus
ILO	International Labour Organization
LDCs	Least Developed Countries
MERCOSUR	Southern Cone Common Market
NGO	Non-Governmental Organization
OECD	Organization for Economic Co-operation and Development
OMC	Organisation mondiale du Commerce
PAHO	Pan American Health Organization
RUNS	Rural/Urban -North/South
SPS	Sanitary and Phytosanitary
TNCs	Transnational Companies
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIFEM	United Nations Development Fund for Women
UNRISD	United Nations Research Institute for Social Development
WHO	World Health Organization
WTO	World Trade Organization

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Executive Summary

LDCs have become marginalized from the mainstream of the world economy, particularly from international trade and investment flows. LDCs include 10% of the world population and contribute to only 0.3% of international trade.

In 1993, a joint study by the World Bank and the OECD projected forward to the year 2002 the implication of international trade liberalization. This study has been an important reference for many authors these last years. The effects of complete liberalization would be an increase of grain, meat, dairy products and sugar prices and a decrease of cocoa, coffee and rice prices. Most of the LDCs, which export the latter and are net food importers, would clearly have their terms of trade aggravated. The largest income gains from trade liberalization would occur in Asian countries and in Europe. There are also some notable losers, which are Indonesia, Mediterranean countries, Magreb and Sub-Saharan Africa.

The bibliography on imports and health mentions some positive effects like the spread of technology and widespread affirmation of human rights. But it mentions also the negative effects like chronic health problems due to exposure to hazardous wastes which are imported by developing countries or pesticides which have been banned in industrial countries. The exports of natural resources often involve environmental and social costs which do not figure in national accounting systems and could have important effects on sustainable livelihoods.

Income inequality has been clearly on the rise in many countries that have opened their economies. Increased competition from import liberalization will intensify rural poverty in some countries, evidence is given for the Philippines and Mexico. In urban areas, trade liberalization has brought some positive impact on women's lives and their livelihood. Many studies show a trend of rising wage inequalities in the aftermath of trade liberalization, benefiting skilled workers.

International trading trends has brought an expansion of employment opportunities, especially for women, but employment in the export sector consists predominantly of low-paid unskilled jobs. Poor working conditions are mentioned in export processing zones and in plantations. However, safety and health conditions are usually better in multinational enterprises than in smaller enterprises, especially those in the informal sector. Furthermore, plantations provide health services for workers more often than small agricultural operations. Negative impact on health is mentioned, due to international traffic of tobacco and sex tourism. Furthermore, with the added demands of paid work, women now carry the typical double or triple burden of work (home-, paid and community work).

The OECD warns that in the absence of effective environmental policies, increased economic activity generated from trade liberalization can contribute to environmental problems. A positive effect of international competition is that it often leads to modernization of production processes. As new machines incorporate new devices to limit accidents and occupational diseases, there has been an overall reduction in the number of accidents and an improvement in health conditions.

The tax revenue loss in Africa from full implementation of the WTO Agreement, if implemented now, would average about 2% of Africa's GDP. However, studies on this issue are still needed as well as on the issue of the impact on private health sector. There is no thorough study on the

impact of trade liberalization on drugs and medical equipment prices.

Many health policies are mentioned in order to counter negative effects of international trade liberalization like compensatory measures (food subsidy programmes), training in the safe use of pesticides, occupational health norms promotion, equity on access to health services, creation of a social environment where tobacco is seen as undesirable, etc.

Considering that health is strongly linked to the evolution of GDP, health is likely to be winning in most of Asian countries and losing in net food importing countries like LDCs.

Many authors and organizations insist on the need to promote greater integration of African countries and the LDCs in the international economic system, especially through investment. Many other adjustments are proposed in order to prevent poorest populations groups from the negative effects of international trade liberalization. One proposition, coming from Oxfam, which reflects the complexity of the problem as well as one of its sources, and which might constitute an urgent measure, is to "withdraw the requirement that developing countries liberalise imports, in view of the fact that the industrialised countries continue to provide high levels of production and export subsidies".

INTRODUCTION

OVERVIEW OF THE MAIN ISSUES : FOCUS ON THE LEAST DEVELOPED COUNTRIES (LDCs)¹ AND POPULATION GROUPS IN GREATEST NEED

United Nations Conference on Trade and Development (UNCTAD), *The Least Developed Countries 1997 Report*, United Nations, New York and Geneva, 1997. "Overview", pp. I-IX; Part 1, ch. 1: "Recent Developments and Outlook", pp. 3-15; and part 3, ch. 1: "Economies in Regress, pp. 125-148

The gross domestic product (GDP) real growth rate for the LDCs group fell in 1996 compared with 1995, but has still been relatively robust at 4.7% (compared with 2.8 for the whole world). African LDCs experienced a fall in the growth rate from 5.4% in 1995 to 4.6% in 1996, Asian and Pacific island LDCs, a slight increase from 4.6 to 4.8%, and Haiti, a GDP growth falling from 4% to 2% (pp. 3-10).

Non-oil primary commodity price developments were very unfavourable to LDC exports in 1996, especially for coffee and copper. This draws attention to the vulnerability of many LDCs to trends on the world market (pp. II-III).

A number of LDCs whose export structure is not diversified experienced a regress during the last 10 years which is manifested in the deterioration of a range of economic and social indicators (GDP per capita, per capita food availability, infant mortality rates and primary school enrolment ratios, pp. 127-133). Moreover, "many of the LDCs have become marginalized from the mainstream of the world economy, particularly from international trade and investment flows. Even inflows of international aid have fallen dramatically for some LDCs, because of the collapse of State structures through which aid can be disbursed and utilized" (p. VII). Over one third of LDCs have experienced some form of violent civil strife since the beginning of the 1980s which have had devastating human costs (pp. 135-139).

¹ For list of LDCs, please see Annex

United Nations Conference on Trade and Development (UNCTAD), *Criteria for identifying LDCs*, <http://www.unicc.org/unctad/en/pressref/lDCs/document/criteria.htm>, 8 pp.

This document states that "a country will qualify for inclusion in the list of LDCs" if (1) it meets all four of the following formal criteria:

- ① an annual average **per capita GDP** of 765 \$US or less for the latest three years for which data is available;
- ② an **augmented physical quality of life index (APQLI)** of 47 or less. The APQLI is composed of four indicators: life expectancy at birth, per capita calorie supply, adult literacy rate, and combined primary and secondary school enrolment ratio;
- ③ an **economic diversification index (EDI)** of 26 or less. The EDI is composed of four indicators: the share of manufacturing in GDP, the proportion of the labour force in industry, per capita electricity consumption per year, the export concentration index;
- ④ a **population** of 75 million or less;

and if (2) "it meets the population and per capita income criteria, and meets the APQLI or the EDI criterion, and is land-locked, is a small country with a population of 1 million or less, and suffers from frequent severe climatic risks such as drought, floods and cyclones." (p. 1). Inclusion will be subject to the judgement of the United Nations Committee for Development Planning (p.7).

INTEGRATION OF LDCs INTO THE WORLD TRADE

UNCTAD/WTO Joint Study, "The Post-Uruguay Round tariff environment for developing country exports", TD/B/COM.1/14, 6 October 1997

This study "analyses the tariff situation for developing country exports and focuses on two major aspects: (a) tariff peaks; and (b) tariff escalation". In relation with tariff peaks, LDCs receive a more favourable treatment than developing countries (DCs) in general due to the application of generalized system of preferences (GSP) schemes.

"However, a substantial number of peak tariffs will continue to apply to their [LDCs] important export products in all major markets." (p. 7). It is the case for their major industrial exports such as textiles, clothing, footwear and leather products which remain outside the scope of the GSP improvements in favour of LDCs.

Quite a number of peak tariffs remain in effect in the agricultural sector as well. The US provide duty-free access for a substantial range of agricultural exports from LDCs and “the EU applies extensive preferences to agricultural imports from African Caribbean and Pacific (ACP) countries”, but peak tariffs on exports remain applicable above the tariff quotas. Japan still applies peak most-favoured nation (MFN) rates for beef and other meat products, sugar and sugar products, various fruits and fruit juices, etc. from LDCs (p. 8).

MAIN LINKAGES BETWEEN GLOBAL ECONOMY AND HEALTH

UNRISD, “States of disarray: the social effects of globalization”, London, March 1995, Box 1.2: “Health in the era of globalization”

UNRISD states that the polarizing effects of globalization pose a threat to public health in various ways. Three of them are:

- “The stresses generated by incorporation into the global economy - the loss of jobs, reduction in wages and safety standards, access to health-damaging products such as tobacco and agrochemicals, migration and the sense of alienation it can cause - have taken their toll on the physical and mental health of many.”
- “Processes of urbanization and migration, and the increasing involvement of people in informal sector activities, make many people invisible. (...) The very fact that such a high percentage of the world’s population will, for whatever reasons, miss the public health net threatens the effectiveness of global programmes.”
- In relation to the quality of medicine on offer: “The relaxation of trade and market restrictions has made it even simpler to dump expired or unsafe medicines upon unsuspecting communities.” (p. 27)

1. INTERNATIONAL TRADE, INTERNATIONAL TRADE POLICIES AND HEALTH: MACROECONOMIC ASPECTS

<h2>A. THE LINKAGE OF EXTERNAL TRADE, GROSS DOMESTIC PRODUCT AND HEALTH</h2>
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Carrin, Guy and Politi, Claudio, "Exploring the health impact of economic growth, poverty reduction and public health expenditure", *Technical Paper N° 18, Macroeconomics, Health and Development Series, WHO/CO/MESD.18, March 1996*

In the first section, it is stated that the basic cause of poor health in DCs is poverty. The authors then give a short overview of some basic indicators of poverty and health in DCs. The gap between the health status of the populations in LDCs with respect to the industrialized world is underlined: average life expectancy in the LDCs is about 67% of that in industrialized countries and "the average mortality rates of children under five and of mothers are at least 10 and 30 times as high, respectively, as the corresponding rates in industrialized countries".

In section II the authors address the question to what extent overall economic development is associated with health improvement. They depict the relationship between life expectancy at birth, infant mortality and under-five mortality vs. GDP per capita in 1990 for 32 LDCs and 52 other DCs. A simple regression analysis confirms in each of the three figures that, on average, economic development enhances health status. However, the interaction between health and income growth is not instantaneous and quite complex as well.

Carrin, Guy and Politi, Claudio, "Poverty and health: an overview of the basic linkages and public policy measures", *Technical Briefing Note, Document of the WHO Task Force on Health Economics, WHO/TFHE/TBN/97.1, January 1997. Ch. 1.3: "The role of income in health ", pp. 3-5*

The authors illustrate in a chart the relationship between life expectancy at birth and GDP per capita in 1993 for 53 DCs. The figure shows that "the higher the level of GDP per capita, the higher the life expectancy".

Nevertheless, the outliers from the curve based upon the results of a simple regression analysis confirm that health improvement depends not only on the growth of economic resources but also on the way in which countries allocate their resources.

Cho, George ², "Trade and development", in : *Trade, aid and global interdependence, Introductions to Development series*, Routledge, London, New York, 1995, pp. 27-55

In the first part of this chapter, the author examines the nexus between international trade and economic development and stipulates that history has shown that the industrial countries have grown prosperous through trade. Therefore, everything should be done to ensure that DCs follow this same path to progress.

The second part of the chapter reviews the growth, terms, composition and direction of trade for various regions of the world. The third part makes a short description of various development strategies and trade policies used by DCs to enhance their economic development. The article concludes that government intervention will produce higher productivity growth where there are no undue price distortions.

Golding, Ian ³ and **van der Mensbrugge, Dominique** ⁴, "Trade liberalisation: what's at stake?", *Policy Brief N° 5*, OECD, Paris, 1992 (esp. Table 2, p. 25: "Income gains from trade liberalisation")

The authors criticize OECD Member countries who unanimously endorse liberalisation as an economic ideology, but who point their trade practices in the opposite direction. They remark that "The industrialised countries are expected to gain most from a liberalisation agreement, because their economies are currently most distorted by protectionism. However, from a development and poverty alleviation perspective, the former centrally planned and developing countries stand to suffer most from a failure of the Round."

The fourth chapter presents a model of global production and trade which has been developed by the OECD Development Centre in association with the World Bank. The model is known as the Rural/Urban- North/South Model, or RUNS. The results are differentiated through two

² Senior Lecturer in geographic information systems and environmental law at the University of Canberra

³ Senior economist at the World Bank and formerly Head of Programme at the OECD Development Centre

⁴ Economist at the OECD Development Centre

different simulations: (1) a 30% reduction in all border measures, both in agriculture and non-agriculture, as well as a 30% reduction in agricultural input subsidies, and (2) a full removal of all distortions.

The results of both simulations, as presented in table 1 and 2, show that the largest income gains from trade liberalisation would occur in the ASEAN countries and in China. There are also some notable losers, which are Indonesia, Mediterranean countries⁵, Magreb⁶ and Sub-Saharan Africa.

Golding, Ian; Knudsen, Odin⁷ and van der Mensbrugge, Dominique, ch.3: "Analysis of trade liberalisation", in: *Trade liberalisation: global economic implications*", OECD, Paris and World Bank, Washington DC, 1993, pp. 75-108

This book, qualified as *controversial* by Martin Khor (Economist and Director of the Third World Network), gives more detailed results from the RUNS model of partial and total agricultural trade reform, partial and full non-agricultural trade reforms, and partial and full multi-sector trade reform.

The results in monetary terms (1992 US\$) of full agricultural trade liberalisation leads to a per annum global income gain of \$ 430 billion: \$ 250 billion to the OECD countries and \$ 180 billion to the rest of the world. China, India and low income Asia would increase their real income of respectively 4.3%, 2% and 1.5%. The losses of this full agricultural trade liberalisation are of \$ 21 billion and concern the Gulf region⁸ (-1.7% change in real income), Mediterranean countries (-1.4), Indonesia (-0.5), Sub-Saharan Africa excepted Nigeria and South Africa (-0.3) and Nigeria (-0.2). The authors state that "Once again, however, compensation mechanisms can easily be devised which leave all regions better off".

The total income gains from a full multi-sectoral trade reform sum to \$ 450 billion per annum (\$290 for OECD countries) and the aggregate losses are \$ 40 billion (p. 83). The regions concerned for losses are the same as above plus Magreb, Mexico and European Economies in Transition (Table 3.5, p. 95).

⁵ The Regional Composition of the Mediterranean countries for the RUNS Model is: Cyprus, Arab Republic of Egypt, Israel, Jordan, Lebanon, Libya, Malta, Syrian Arab Republic and Turkey (p.30)

⁶ Includes Algeria, Morocco and Tunisia

⁷ Division Chief at the World Bank

⁸ The composition of the Gulf Region of the RUNS Model is: Bahrain, Iraq, Islamic Republic of Iran, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates, Yemen Arab Republic and People's Democratic Republic of Yemen

Husain, Ishrat ⁹, "Globalization and liberalization: an opportunity to reduce poverty", in: *Globalization and liberalization : effects of international economic relations on poverty*, UNCTAD, United Nations, New York and Geneva, 1996, pp.129-147

In the first part of this paper, the evidence pertaining to the aggregate effects of globalization and liberalization on DCs is analysed. The author stipulates that the benefits of G/L are not concentrated in a small group of larger, richer and/or more industrialized economies, as could have been said. As per a World Bank survey ¹⁰, 90% of the poor in the developing world (i.e. living with less than US\$ 1 per day) are concentrated in India, China, Bangladesh, Brazil, Indo-China, Central America, Pakistan and Sub-Saharan Africa and represent 1'314 million people. According to the author, China and India are the two poorest countries in the world with more than half a billion people living below poverty line. "Both countries, however, have benefited, and are projected to benefit, from globalization and liberalization". The author concludes that even if Sub-Saharan Africa has not done as well, "it is safe to conclude that the aggregate effect of gains from liberalization and globalization would benefit 70-80 percent to the world's poor".

LeQuesne, Caroline ¹¹, "From GATT to WTO: the results of the Uruguay Round", in: *The trade trap: poverty and the global commodity markets*, Coote Belinda, Oxfam, Oxford, 1996, pp. 192-215

The author reviews the results from the above World Bank-OECD study by Goldin et al., and underlines that the lion's share of the increase would accrue to the European Union and is estimated at \$ 80 billion. The US national income would rise by \$ 19 billion, while sub-Saharan Africa would actually lose an estimated \$ 2.6 billion, due in part to a loss of preferences in the European market. As per a 1995 UNCTAD Secretariat report, cumulative losses to LDCs until the end of the twentieth century would reach \$ 3 billion¹².

The author also states that "the real winners from the Uruguay Round are the transnational companies [TNCs], which have seen their powers and scope increase to a phenomenal level,

⁹ Director, Poverty and Social Policy Department, World Bank, Washington D.C.

¹⁰ Estimation based on 67 actual household surveys covering 85% of the population of DCs, in: *Poverty Reduction and the World Bank*, Washington D.C., 1996

¹¹ Policy Adviser on Trade and Environment, Oxfam (UK and Ireland)

¹² TD/B/WG8/3

without a corresponding increase in their social and environmental responsibilities" (p. 201)¹³.

Lopez Blanco, Manuel ¹⁴, "ACP-EU trade: into the new millennium", *The Courier*, N°166, Nov.-Dec. 1997, pp. 64-67

The author of this article forms an opinion about the ACPs past trade achievements and their challenges and constraints ahead as they seek further integration into the international economy. He assesses that there are many reasons explaining the poor overall export and growth performance of the ACP countries: political instability, poor resource endowments, lack of infrastructure, weak entrepreneurship, scarce physical and human capital, low levels of savings and investments, undeveloped financial sectors, high dependency on a few basic commodities subject to major price fluctuations, and a substantial deterioration in the terms of trade. These reasons have limited, on the supply side, the benefits that could have been derived from preferences.

Mallampally, Padma ¹⁵, "The importance of foreign direct investment for exports, economic growth and poverty reduction in China", in : *Globalization and liberalization : effects of international economic relations on poverty*, UNCTAD, United Nations, New York and Geneva, 1996, pp. 201-203

China is the latest and largest in a series of East and South-East Asian countries to have grown rapidly and sustainably. The author explains this economic dynamism and rapid growth by the country's success in obtaining and utilizing foreign direct investment (FDI). A good deal of the FDI has come from overseas Chinese stakeholders. "However, there are also circumstances that make China a prototypical recipient of FDI: a liberalized FDI regime, political stability, a large domestic market and, what is most important in terms of low-skill exports, a low-cost, hard-working labour force."

¹³ 40% of world trade takes place within companies, the largest 10 TNCs control assets which represent three times the total income of the world's poorest 38 countries (excl. China and India), with a population of over one billion people. These companies have a great influence on the outcome of the Uruguay Round and the rights of DCs governments in relation to foreign investors have been severely eroded.

¹⁴ Head of EC Commission Unit for West Africa II

¹⁵ TNC Affairs Officer, Div. on Transnational Corporations and Investment, UNCTAD

Ouane, Habib M.¹⁶, "La libéralisation du commerce dans les pays africains : bilan et perspectives", *Afrique 2000*, N° 4, janvier-mars 1991, pp. 83-93

Après un bref aperçu des mesures de réforme de la politique commerciale (libéralisation des importations, ajustement du régime des changes, promotion des exportations) et de la performance à l'exportation en Afrique, l'auteur fait un bilan critique de ces nouvelles politiques commerciales.

Il en vient à la conclusion que trois conditions sont nécessaires au succès des réformes en matière de politique commerciales: (1) la mise sur pied par les pouvoirs publics de mesures d'accompagnement afin que les entreprises locales puissent se restructurer pour s'adapter au nouvel environnement législatif et réglementaire, (2) l'existence de ressources humaines adéquates et d'une infrastructure industrielle et technique crédible afin de parer l'économie contre les chocs extérieurs et (3) "une attention prioritaire à l'émergence d'économie d'échelles à travers l'intégration des structures de production des pays africains dans le cadre de groupements d'intégration sous-régionaux et régionaux ou d'autres formes de coopération régionale".

En ce qui concerne le développement de nouveaux produits d'exportation, l'auteur voit dans l'engouement récent pour l'environnement et les produits naturels une opportunité à saisir pour les pays africains.

PNUD, "Mondialisation et pauvreté: un phénomène national, un phénomène individuel" (ch. 4), in: *Rapport Mondial sur le Développement Humain 1997*, pp. 90-104 (sp. p. 92)

Le Programme des Nations Unies pour le développement souligne dans ce chapitre que d'une part il est estimé que les pays les moins avancés (PMA) et l'Afrique subsaharienne subiront de lourdes pertes en conséquence de la libéralisation du commerce mondial et que d'autre part ces pays restent marginalisés par rapport aux échanges internationaux. En effet, la contribution aux échanges de la part des PMA – qui représentent 10% de la population mondiale – s'est réduite de moitié en l'espace de vingt ans, passant à 0,3%.

Shafaeddin, S.M.¹⁷, *The impact of trade liberalization on export and GDP growth in least developed countries*, UNCTAD/OSG/DP/85, July 1994

"Least developed countries, particularly in Africa, have been increasingly marginalized in

¹⁶ Assistant du Secrétaire Général de la CNUCED

¹⁷ International Trade Division, UNCTAD

international trade, mainly due to their high dependence on the production and exports of primary commodities. Trade liberalization has been recommended to these countries with the aim of expanding GDP and exports and diversifying the production and export structure into manufactures. This study, however, finds no clear and systematic association since the early 1980s between trade liberalization and devaluation, on the one hand, and the growth and diversification of output and exports of LDCs on the other. In fact, trade liberalization has been accompanied by deindustrialization in many LDCs, and where export expanded it was not always linked to an increase in supply capacity. By contrast, the paper attributes success or failure in GDP and industrial growth, inter alia, to the volume of investment and the availability of imports. The design of trade policy reforms has also been an important factor in performance failure. The author also presents the outline of an alternative approach to trade policy reform which differentiates countries by their level of development, industrial base and individual characteristics, and emphasizes the need for building up supply capacity." (author's abstract)

UNCTAD, "Globalization, distribution and growth", in: *Trade and Development Report 1997*, New York and Geneva, 1997. Chapter I : "The issues at stake", pp. 65-68 and chapter II E. : "Trade, growth and convergence", pp. 87-91"

The second part of the *Trade and Development Report (TDR) 1997* is focused on globalization, distribution and growth. Its first chapter shows the asymmetries of globalization : the world economy is more closely integrated today than at any time in history, but its liberalization has proceeded so far in a lopsided way. "For example, trade liberalisation has proceeded more slowly in products where developing countries are more competitive. By contrast, many restrictions have been removed on the freedom of movement of capital, where industrialized countries have a comparative advantage."

UNCTAD documents and analyses in the following chapters of the *1997 TDR* seven "stylized facts" which pose a serious challenge for policy-makers and which are listed below:

- "Taken as a whole, the world economy is growing too slowly to generate sufficient employment with adequate pay or to alleviate poverty;
- This has accentuated longstanding tendencies for divergence between developed and developing countries. Moreover, greater gaps between them have been accompanied by widening gaps within the South as a handful of newly industrialized economies have pushed ahead of other developing countries;
- Finance has been gaining an upper hand over industry, and rentiers over investors. Trading in existing assets is often a much more lucrative business than creating wealth through new investment;

- Capital has gained in comparison with labour, and profit shares have risen in developed and developing countries alike;
- Growing wage inequality between skilled and unskilled labour is becoming a global problem;
- The hollowing out of the middle class has become a prominent feature of income distribution in many countries;
- There is almost everywhere increased job and income insecurity.”

The chapter II E. on *Trade, growth and convergence* considers the possible contribution of international trade to growth and convergence in DCs and states that an economy that leaves development to global market forces alone is likely to be disappointed. “Experience shows that carefully managed and phased integration is the key to success.”

World Bank, *Global economic prospects and the developing countries* 1996, May 1996

This report focuses on the causes and implications of the too slow integration of a large number of DCs and the policies that countries can adopt to become fuller participants in the world economy. The first chapter pays special attention to the external factors that drive the prospects of regions or countries lagging in integration. The paragraph on *aid flows* draws the attention on the fact that for many of the poorest DCs official development assistance represents virtually the only source of external financing and accounts for a significant share of income. But aid flows have been falling from 0.35% of donors’ GDP in 1983 to 0.29 % in 1994 and these trends are likely to continue. “The implication of these trends for low-income countries is that they will become increasingly less able to rely on development flows and will have to develop a more welcoming environment for private financing.” (p. 12).

The second chapter examines the disparities in global integration, identifies their causes and their implications for growth. Figure 2-5a documents the empirical association between faster speeds of integration and higher growth. Excluding East Asian countries, fast integrators still achieved median per capita growth of 1.5% a year, well above the other classes of integrators. Finally, the prospects and risks for weak and slow integrators are reviewed.

B. INTERNATIONAL TRADE LIBERALIZATION AND HEALTH

Amat-Roze, J.M. et al., "La géographie de l'infection par les virus de l'immunodéficience humaine (VIH) en Afrique noire: mise en évidence de facteurs d'épidémisation et de régionalisation", *Bulletin de la société de pathologie exotique et de ses filiales*, Vol. 83, N°2, 1990, pp.137-148

"In Africa, the continent most affected by HIV, the geography of the epidemic shows major contrasts. Strong regionalization differentiates both Central-East Africa from West Africa and, within the countries, the urban zones from rural ones. Spatial and population factors are important when mapping the geography of the infection. An analysis of the evolution of movements – merchandise as well as populations – of the landlocked countries of the Great Lakes region of Africa leads the author to formulate a hypothesis involving regional considerations." (author's abstract)

L'auteur émet l'hypothèse que les bouleversements de certaines relations commerciales et humaines ont provoqué une rupture d'équilibre et est peut-être l'événement majeur qui a permis au VIH de passer du mode de transmission sporadique au mode épidémique. Les pôles, axes et flux commerciaux majeurs et de migrants sont examinés pour l'Afrique occidentale, centrale et orientale, ainsi que leur influence sur la transmission de l'infection.

Kamel, Wadie Wanies ¹⁸, "Health dilemmas at the borders - A global challenge", *World Health Forum*, Vol. 18, 1997, pp. 9-18

The author states that health and safety of border crossers and people who live in border areas are widely neglected. "Furthermore, dangers may arise because of unsafe implementation of trade agreements and the movement of unregulated materials."

¹⁸ Director of the "Healthy Border 21", project at the University of Arizona Health Sciences Centre (WHO Collaborating Centre)

B.1. Imports and health (goods and services)

Anyimann, Charles A.¹⁹, "Transboundary movements of hazardous wastes: the case of toxic waste dumping in Africa", *International Journal of Health Service*, Vol. 21, N° 4, 1991, pp. 759-777

One major concern, especially to industrialized countries, is the problem of what to do with the millions of tons of waste materials produced each year. The 1980s have seen several attempts to export hazardous wastes to DCs. Africa is gradually becoming the prime hunting ground for waste disposal companies. "This article seeks to examine, in the context of the African continent, the sources and destinations of this form of relocation-diffusion of pollution, factors that have contributed to international trade in hazardous wastes between developed and developing countries, the potential problems such exports would bring to African countries, and measures being taken to abolish this form of international trade."

There are several direct potential consequences on health from waste dumping. But several studies also show that "the effects of chemical exposure on the health of local residents could take decades or even generations to manifest in a wide range of chronic diseases affecting the reproductive system, the respiratory system, the peripheral and central nervous systems, and even the immune system." (p. 772)

Dinham, Barbara, *The pesticide hazard: a global health and environmental audit*, Zed Books, London & New Jersey, 1993

"Trade liberalisation, and monetary policies which encourage cash crops for exports, will tend to increase pesticide sales in agricultural-exporting countries." Chapter two on *Trading in hazard* looks at whether controls targeted at trade can adequately address health and environmental concerns. The author conclusion is that policies to reduce pesticide hazards in DCs based on trade controls, and legislation to prevent export of pesticides banned in industrial countries, will not address the fundamental problems, many of which are caused by the scale of pesticide use, the difficulty of using pesticides safely – particularly in hot tropical climates-, occupational health and safety standards, and poverty. There is a need for a broad approach to the problems of pesticide hazards.

Chapter three on *Health and safety* draws together the health and safety issues: high risks for agricultural labourers, poor statistics in poor countries, chronic health problems of exposure,

¹⁹ Dept. of Geography, University of Toronto

aerial spraying without due regard to the population, storage and disposal, food contamination and different language or illiteracy in labelling.

Golding, Ian and van der Mensbrugghe, Dominique, "Trade liberalisation: what's at stake?", *Policy Brief N° 5*, OECD, Paris, 1992 (esp. Table 1, p. 24: "Changes in world agricultural prices")

As per the RUNS model, the effects on prices of complete liberalisation would be an increase of 7% to 14% on grain prices and of 25% to 45% on meat and dairy prices. The price of rice would decrease of 7.1% and of cocoa and coffee of 17.3 and 18%. "This will clearly aggravate the terms of trade deterioration in sub-Saharan Africa and several other regions."

Roemer, Milton I. and Roemer, Ruth ²⁰, "Global health, national development, and the role of government", *American Journal of Public Health*, Vol. 80, N° 10, October 1990, pp. 1188 - 1192

This articles reviews the international health trends and the three types of changes that had been a determinant to health status improvements. One of them is the cross-national influences due to greater international trade, the spread of technology, and widespread affirmation of human rights.

Kolodner, Eric, "Transnational corporations: impediments or catalysts of social development?", *Social Summit Occasional Paper n° 5*, United Nations Research Institute for Social Development (UNRISD), Geneva, Nov. 1994

The first part of this paper discusses the direct and indirect effects of TNCs activity on social development. The chapter on *consumer issues and health ramifications* tackles the issues of economic accessibility in DCs of the products promoted by TNCs; adverse health effects, outdated, poorly labelled or mislabelled pharmaceuticals sold to DCs; sales of pesticides which had been banned in the TNCs home nations; marketing and selling infant formula or tobacco products.

²⁰

UCLA School of Public Health, Los Angeles

Valdes, Alberto and Zietz, Joachim ²¹, "Distortions in world food markets in the wake of GATT: evidence and policy implications", *World Development*, Vol. 23, N° 6, 1995, pp. 913 - 926

The paper argues that world food prices are unlikely to increase dramatically in real terms, even with the Uruguay Round accord fully implemented.

B.2. Exports and health (goods and services)

Adams, Orvill and Kinnon, Colette, "Measuring trade liberalization against public health objectives: the case of health services", *Technical Briefing Note, Document of the WHO Task Force on Health Economics, WHO/TFHE/TBN/97.2, December 1997. Ch. 6: "Trade-offs for developing countries"*, pp. 21-22

Chapter six of this briefing note focuses on the trade-offs for DCs of trade in health services. A matrix presents schematically the impact on equity, quality and efficiency of four modes of trade. The authors state that : "There is little evidence as yet of the impact of trade [in health services] on the performance of health services, although it is likely to depend on a country's level of the economic and social development."

Golding, Ian; Knudsen, Odin and van der Mensbrugghe, Dominique, ch.3: "Analysis of trade liberalisation", in: *Trade liberalisation: global economic implications*", OECD, Paris and World Bank, Washington DC, 1993, pp. 75-108

Tables 3.1 and 3.4 indicate the changes in world agricultural prices after a partial and a total agricultural trade liberalisation. Exporters of grains, beef, dairy products and sugar, will benefit from the improvement in the agricultural terms of trade and importers of these same commodities will face a deterioration in their terms of trade. As importers of food also tend to be major exporters of coffee and cocoa - which prices will decrease -, this will further aggravate the deterioration in the terms of trade, leading to even larger losses ²².

²¹ A. Valdes is from the World Bank and J. Zietz from the Middle Tennessee State University

²² It is the case for LDCs, see table 16 in *The Least Developed Countries, 1997 Report*, UNCTAD, p. 170

Ingco, Merlinda D., "Has agricultural trade liberalization improved welfare in the least-developed countries? Yes", *The World Bank, Policy Research Working Paper N° 1748*, April 1997

The author evaluates the progress in agricultural liberalization and the welfare effects for LDCs and net food importing countries as a result of agricultural price shocks resulting from the Uruguay Round. She finds that although many economies are hurt by increases in world prices, losses in terms of trade are small relative to total GDP. Only in a few countries does the estimated welfare change constitute more than 1 % of GDP.

United Nations Conference on Trade and Development (UNCTAD), *The Least Developed Countries 1997 Report*, United Nations, New York and Geneva, 1997. Part Two, ch. 2: "Opportunities for LDC agriculture in the world trading system and the impact of the Uruguay Round", pp. 49-62

The conclusion of this chapter is that the impact of the Uruguay Round on traditional export commodities, which constitute the bulk of LDCs' agricultural exports, is likely to be modest because the Uruguay Round Agreement on Agriculture turned out to be less comprehensive than was anticipated when negotiations began. "Significant reforms of the rules governing agricultural regimes in developed countries were achieved, but the degree of trade liberalization attained was limited."

Watkins, Kevin, *The Oxfam Poverty Report*, Oxfam, UK & Ireland, 1995

A review of the impact of international trade on sustainable livelihoods is provided, including a focus on the exports of primary products and deforestation through timber trade (pp. 117-122).

World Bank, Ch. 3: "Adjusting to trade liberalization", in: *Global economic prospects and the Developing Countries 1997*, Washington, Sept. 1997. Box 3-6, p.73: "Trade liberalization and poverty"

As per the World Bank, trade liberalization is likely to be associated with reduced poverty in the long run. "In the short run, given the diverse nature of the poor, there is no presumption that trade liberalization has any predictable or immediate impact on poverty." The effects depend on the individual's precise circumstances. Prices for non-tradable services like health services may change significantly and ultimately have a greater effect on poverty. Such effects are less predictable and often receive less weight in decision-making. Forecasting the effects requires detailed information and analysis.

C. IMPACT OF INTERNATIONAL TRADE ON ACCESS TO HEALTH SERVICES AND HEALTH VIA CHANGES IN INCOME DISTRIBUTION

Pan American Health Organization (PAHO), "PAHO Director calls for global health cooperation and development", *PAHO News Release*, Washington, DC, 19 Aug. 1997

Dr George A.O. Alleyne warns about the effects of trade liberalization and their potential impact on health. "At least initially some countries may be economically disadvantaged with consequent effects on the well-being of their citizens. It is not evident that ruling on trade policy always take account of health, and it is important that there be a healthy public policy as an integral part of good trade policy." About the impact of income distribution on health and when comparing countries, Dr Alleyne noted, "it appears that the most egalitarian rather than the richest developed countries are those that have the best health."

Robbins, Donald J., "Evidence on trade and wages in the developing world", *Technical Paper N° 119*, OECD, December 1996

This paper synthesizes nine in-depth DC studies on the impact of trade upon wages. It is traditionally assumed that in DCs trade liberalization lowers relative wage dispersion, while raising wage dispersion in developed countries. "Evidence from cross-sectional household data for Argentina, Chile, Costa Rica, Colombia, Malaysia, Mexico, the Philippines, Chinese Taipei and Uruguay show: first, counter to one model in Leamer (1995), for countries with diversified trade, labor supply shifts generally shift wages. Second, liberalization was accompanied by rising relative wages and labor demand. And third, trade liberalization often increases the inflow of machinery, and may partly explain positive relative demand shifts accompanying trade liberalization." (author's abstract). The author concludes his paper by saying that instead of trade liberalization compressing relative wages in DCs, liberalization may sometimes widen wage dispersion.

UNDP, *Human Development Report 1996*, box 2.7, p. 59: "Liberalization and inequality"

Income inequality has been clearly on the rise in many countries that have opened their economies. Comparing the Gini coefficient – it ranges from 0 to 1, 0 being perfect equality and 1 complete inequality –, it is obvious that inequality rose dramatically in some countries as they

began to liberalize their economy. In Sri Lanka, the Gini coefficient augmented from 0.35 in 1970 to 0.51 in 1990. In China, it raised from 0.33 in 1979 to 0.38 in 1988. It also increased significantly in Mexico and Chile.

C.1 Structure of trade and its impact on income distribution in rural / urban areas

LeQuesne, Caroline, "From GATT to WTO: the results of the Uruguay Round", in: *The trade trap: poverty and the global commodity markets*, Coote Belinda, Oxfam, Oxford, 1996, pp. 192-215

In Mexico, maize accounts for almost two-thirds of agricultural production in some areas. Under the North American Free Trade Agreement, restrictions on US maize imports are being progressively withdrawn, along with price support to Mexican farmers. This is threatening the viability of millions of Mexican smallholdings, using traditional methods of cultivation. Average yields in Mexico are less than a quarter of those in the USA. "It has been estimated that fewer than one in ten Mexican maize producers could compete in an unprotected market, leading to predictions that up to 2.4 million peasant producers and their families could be forced off the land." (p. 200)

Oxfam, "Trade liberalisation as a threat to livelihoods: The corn sector in the Philippines", *Research paper*, December 1996, <http://www.oxfam.org.uk/policy/research/corn.htm>

This paper argues that increased competition from import liberalization will intensify rural poverty in the Philippines. As many as half a million household livelihoods in the major corn-producing areas could be lost as cheap imports flood into local markets, driving down prices and household incomes. Based on OECD price projections, imports from the US, the world's largest exporter of corn, could be available at price 20% below the current domestic price by the end of the decade and 39% by the year 2004²³. This paper estimates that typical corn producing households could see their average incomes decline by 15% by the year 2000, and by as much as 30% by 2004. This will seriously threaten the access to food supplies. Over one quarter of households in corn producing areas don't meet basic nutritional requirements. One third of all

²³ According to the OECD, per capita transfer to farmers in the US amounted to \$29'000 in 1995. Average per capita incomes in the main corn-producing areas of the Philippines amount to less than \$300. "Expressed differently, each US farmer receives in subsidies roughly one hundred times the income of a corn farmer in the Philippines."

children under five are malnourished. Inevitably, the health status of vulnerable groups will deteriorate.

Shrestha, Urmila, "Regional Seminar on Global Trading Practices and Poverty Alleviation in Nepal — A gender perspective", in: *Global trading practices and poverty alleviation in South Asia: regional perspectives on women and trade*, UNIFEM, New Delhi, 1996, pp. 207 - 225

The author reviews the importance of trade within the Nepalese economy. The impact of trade liberalization on income, employment opportunities – especially through carpet industries – and poverty alleviation is described. "Trade liberalization has brought some positive impact on women's lives and their livelihood though it is not too promising. It has helped some urban women earn income for maintenance of their livelihood and their family's. There is a growing awareness among women that they can also participate in economic development as a working partner enjoying equal rights and responsibilities to improve society, the family and the community." (pp. 217-218) But the socio-economic conditions of women in rural areas, where the highest number of women are living, have not improved.

C.2. Intra-urban and intra-rural differences

Davis, Rob and Rattsø, Jørn²⁴, "Growth, distribution and environment: macroeconomic issues in Zimbabwe", *World Development*, Vol. 24, N° 2, 1996, pp. 395-405

After a period of import compression, the government of Zimbabwe has now embarked upon a liberalization program. "The consequences for growth and distribution so far have been unfavorable, and the economic structure has been reoriented toward primary goods. It is hard to see this strategy as helpful in terms of poverty and land degradation." (p. 395)

The authors state that if higher growth was achieved, potentially everyone could have gained. But liberalization has so far only offered macroeconomic instability, economic contradiction and income inequality. "Unskilled labor is likely to carry the short-run burden of liberalization during deindustrialization, while only those communal farmers marketing surpluses will benefit from higher food prices." (p. 404)

²⁴ R. Davis is with the University of Harare, Zimbabwe and J. Rattsø is with the University of Trondheim, Norway.

FIDAMERICA, Debate Electrónico “Impactos del MERCOSUR sobre los campesinos y los pequeños productores”, Fondo Internacional de Desarrollo Agrícola en el CONOSUR, 25 de abril, 1996 (<http://www.fidamerica.cl/conferen.htm>)

Este documento es una síntesis de un debate electrónico y se basa en más de 80 intervenciones introducidas al debate por medio de Internet. Esta síntesis refleja el consenso general del grupo sobre los impactos del MERCOSUR sobre los campesinos y pequeños productores.

Los efectos negativos: “Los agricultores más pobres en su mayoría no podrán competir y su actividad económica desaparecerá con mayor o menor rapidez”, es decir que “agudizará la inequidad existente en las sociedades rurales del MERCOSUR”. La demanda de mano de obra va disminuyendo en la medida que se privilegian procesos productivos con alta inversión de capital, perjudiciando los asalariados rurales. Esto aumentará la *marginalidad* en áreas urbanas.

Los efectos positivos: “Algunos segmentos de los pobres rurales, como los asalariados, artesanos y microempresarios de servicios del agro, se verán beneficiados por la mayor actividad económica derivada del mayor comercio.” La reducción de los precios de los productos agropecuarios beneficiará principalmente a los pobres urbanos. “Se reducirán los aranceles a insumos y maquinarias agrícolas, reduciendo los costos de producción también para los pequeños productores.”

International Labour Office (ILO), Ch. 5: “Economic reform and employment in developing countries”, in: *World Employment 1996/97: National policies in a global context*, Geneva, pp. 139-195 (esp. pp. 189-195)

A number of DCs – especially those in Latin America – show a trend of rising wage inequalities in the aftermath of trade liberalization. “Liberalization appears to have disproportionately benefited skilled workers in many Latin American countries.” (No data is given in this report concerning wage inequality in LDCs).

Pissarides, Christopher ²⁵, “Learning by trading and the returns to human capital in developing countries”, *World Bank Economic Review*, Vol 11, N° 1, January 1997, pp. 17-32

“Recent evidence shows that the returns to labor and the skill premium both increase in developing countries after trade liberalization, despite the low skill content of their exports. The author explains this apparent puzzle by arguing that trade increases technology transfers from industrial to developing countries and that the transfer technology is biased in favor of skilled

²⁵

Centre for Economic Performance at the London School of Economics

labor. The relative demand for skilled labor increases during the transition following liberalization, and so the gains enjoyed by skilled labor are temporary, even in the absence of supply responses. The gains become longer lasting when the transferred technology is also skill-biased." (author's abstract) The author concludes by stating that this short-run impact in favour of skilled labour will last until its supply increases to match the higher demand.

Thompson, Henry ²⁶, "Free trade and income redistribution in some developing and newly industrialized countries", *Open Economies Review*, Vol. 6, July 1995, pp. 265-280

"A competitive general equilibrium model of production is specified and the long-run comparative static elasticities of changing prices on factor prices are examined in eight developing and newly industrialized countries [Korea, Mexico, Taiwan, Argentina, Turkey, Venezuela, Bolivia, Ecuador]. Unskilled labor in these developing countries stands to gain from a program of global free trade characterized by increased manufacturing exports and falling prices of imported business services, while capital owners and skilled labor lose. Results are contrasted with developed countries, the United States in particular, where unskilled labor will lose while capital and skilled labor enjoy gains with global free trade." (author's abstract)

UNCTAD,"Conclusions", in: *Globalization and liberalization : effects of international economic relations on poverty*, United Nations, New York and Geneva, 1996, pp. 9-18

The conclusions in terms of income distribution from the inter-agency seminar held in Geneva from 15 to 17 April 1996 are that:

- "The majority of the absolute poor, many of whom are functionally illiterate, or are from different ethnic or language groups than the dominant class, or live in remote backward areas, are likely to be little affected by globalization and liberalization since they are already marginalized. However, in cases where the insertion of the country in the globalization process brings about long-term economic growth, these groups should also eventually be able to benefit from the spread effects of growth. Such effects are likely to be felt both in terms of income gains and, due to the increased fiscal resources made possible for social expenditure, in principle in terms of basic needs consumption as well." (point 17)
- "Moreover, since rural households who benefit directly from globalization and liberalization generally own land, and since workers in export industries typically have at least a primary education, the immediate benefits of globalization and outward liberalization are more likely to accrue to people close to the poverty line than to people in extreme poverty." (point 19)

²⁶

Economics Department, Auburn University, Alabama

UNCTAD, "Globalization, distribution and growth", in: *Trade and Development Report, 1997*, New York and Geneva, 1997. Ch. IV B: "Trade liberalization and wage inequality", pp. 134-8

A number of studies on wage dispersion in middle-income countries are reviewed and leads to the conclusion that (1) in almost all Latin American countries that resorted to a rapid trade liberalization following the import-substitution strategy of industrialization, the gap between the wages of skilled and unskilled workers has raised and (2) increased wage dispersion in manufacturing during the recent period of globalization has been reported in a sample of 30 countries in Africa, Asia and Latin America.

Wood, Adrian ²⁷, "Openness and wage inequality in developing countries: the Latin American challenge to East Asian conventional wisdom", *World Bank Economic Review*, Vol. 11, N°1, January 1997, pp.33-57

"The experience of East Asia in the 1960s and 1970s supports the theory that greater openness to trade tends to narrow the wage gap between skilled and unskilled workers in developing countries. In Latin America since the mid-1980s, however, increased openness has widened wage differentials. This conflict of evidence is probably not the result of differences between East Asia and Latin America. Instead, the conflict is probably the result of differences between the 1960s and the 1980s, specifically, the entry of China into the world market and, perhaps, the advent of new technology biased against unskilled workers." (author's abstract)

Woodward, David ²⁸, "Effects of globalization and liberalization on poverty : concepts and issues", § 3.8.2 "Income effects", in : *Globalization and liberalization : effects of international economic relations on poverty*, UNCTAD, United Nations, New York and Geneva, 1996, pp. 83-88

In low-income countries, the benefits of globalization and liberalization (G/L) to low-income agricultural producers are likely to be very limited. In general, the effect of G/L on the agricultural sector in developing countries should be favourable. However, there are some important warnings, listed by the authors. Accordingly, overall agricultural incomes should in general be increased by G/L, but the effects on rural poverty will depend on the distribution of these gains, which may well benefit larger and richer producers disproportionately. "If rural poverty is to be reduced substantially, this is likely, in many cases, to imply a substantial

²⁷ Institute of Development Studies at the University of Sussex

²⁸ Independent consultant, London

reduction in the number of people engaged in agriculture, thereby creating a labour surplus which will need to be absorbed elsewhere in the economy.” (p. 86)

World Bank, Ch. 3: “Adjusting to trade liberalization”, in: *Global economic prospects and the Developing Countries 1997*, Washington, Sept. 1997. Box 3-2, p.61: “Trade liberalization and wages in developing countries”

As per the World Bank, information on wage inequality in developing countries is sparse and mixed. “There is little hard evidence for Africa, but what does exist seems to suggest that greater openness and policy changes in the 1980s and 1990s are associated with recovery in growth and some reduction in poverty but with an increase in inequality in some cases.”

2. IMPACT OF INTERNATIONAL TRADE CHANGES ON LIVING CONDITIONS AND HEALTH STATUS OF FAMILIES

<p>A. THE STRUCTURE OF IMPORTS AND EXPORTS AND ITS IMPACT</p>

A.1. Impact on employment opportunities

Benería, Lourdes²⁹, "Women's occupational health: a global vision of women, health and work", *Women's Health Journal*, N°1, 1996, pp. 4-10

"It must be emphasized, however, that working conditions in transnational companies are not the worst faced by women workers and that this employment constitutes a minority in relation to total employment. The great majority of the world's women are not involved in the jobs created by transnational capital but rather in more traditional sectors of economic activity." (p. 6)

"The feminization of the waged labor force at the global level is a positive factor insofar as it allows for an increase in women's autonomy." (p.9)

International Labour Organization (ILO), "The impact of GATT/Uruguay Round on employment: prospects for the Philippines", *Technical Report, South-East Asia and the Pacific Multidisciplinary Advisory Team (SEAPAT)*, May 1995

This paper focuses on the possibilities the GATT/Uruguay Round creates for the Philippine economy in terms of expanded world trade and employment opportunities. The effects of exports expansion are reviewed. Based on the APEX model, an average of about 100'000 net employments per year will be created during the ten years period 1995-2004 (the country pop. is of about 70m).

²⁹ Researcher at Cornell University (USA)

Joeques, Susan, "Trade-related employment for women in industry and services in developing countries", *Beijing Occasional Paper N° 5*, UNRISD and UNDP, Geneva, August 1995

This paper describes contemporary changes in the international context as they affect the evolution of employment structures, and attempts to analyse how women's labour market in the industrial and services sector of DCs are being affected. New jobs are being created in information-based industries that employ inexpensive, educated labour in DCs for operations such as data processing. The situation in five case countries is reviewed: Bangladesh, Jamaica, Morocco, Uganda and Viet Nam.

Kim, Kwan S., "Foreign trade regimes, employment, and income distribution: selected developing country studies", *Economic Review (Keizai Kenkkyu)*, Vol. 45, N° 3, July 1994, pp. 218-229

This study reports the results of selected DC studies on the employment and distributional effects of the choice of trade regimes consisting of export promotion (EP) orientation, import substitution (IS) orientation, and nontradables (NT) sector expansion. Employment in the export sector consists predominantly of low-paid, unskilled jobs. "As a result, the impact on per capita income for the poor is negligible under EP relative to the cases of IS or NT".

Kolodner, Eric, "Transnational corporations: impediments or catalysts of social development?", *Social Summit Occasional Paper n° 5*, United Nations Research Institute for Social Development (UNRISD), Geneva, Nov. 1994 (pp. 4-7)

Transnational corporations (TNCs) hire for direct and indirect jobs approximately 5% of the world's workforce (but control over 33% of the globe's productive assets). TNCs employ approximately 73 million people, 12 million of which are located in DCs, but this figure does not accurately portray their actual impact on employment levels, as jobs are sometimes displaced from national firms.

LeQuesne, Caroline, "From GATT to WTO: The results of the Uruguay Round", in: *The trade trap: poverty and the global commodity markets*, Coote Belinda, Oxfam, Oxford, 1996, pp. 192-215 (esp. p.195)

"For many of those women who *are* in formal employment, a combination of trade-related economic measures and international trading trends has brought an expansion of employment opportunities. However, these changes generate a complex set of gains and losses. While

employment is crucial for these women, and has in some cases brought them an income and a new-found independence, status, and self-confidence, it is important not to over-estimate its long-term impact. While women have only their cheap unskilled labour to offer, there is clearly a danger that their working conditions will deteriorate, the insecurity of their jobs will increase, and their standard of living will remain low." (p. 195)

MIMAP (Micro Impacts of Macroeconomic Adjustment Policies Project), "GATT watch: the impact of trade liberalization on employment", *Project Updates*, Vol. 1, N° 3, Dec. 1994, <http://pdfi.pids.gov.ph/mimap/v131294b.htm>

While ILO's APEX model show a total of 115'000 new jobs per year created under the new GATT-Uruguay Round scenario in the Philippines (100'000 net), the computable general equilibrium (CGE) model shows a total of 153'000 new jobs created per year : 118'900 in services, 48'600 in industry and a decrease of 14'700 in agriculture.

UNDP, "Globalization — poor nations, poor people", in: *Human Development Report 1997*, pp. 82-93

"In the urban areas poor people will suffer if food prices rise, but they will gain from employment in new export industries. Those likely to benefit most are young women hired by multinationals. New employment opportunities increase their incomes and often their power in households. And they encourage poor households to educate daughters as well as sons — reducing gender gaps in the next generation." (p. 88)

A.2. Impact on working conditions

Ahmad, Nilufar and Kabir, Khushi "Trade liberalization policies and impact on women working in the export processing zones (EPZ) in Bangladesh: a case study", in: *Global trading practices and poverty alleviation in South Asia: regional perspectives on women and trade*, UNIFEM, New Delhi, 1996, pp. 133-144

The authors relate a focus group discussion of garment workers in EPZ in Bangladesh who shared the experiences of : no appointment letter, limitation of holidays, no minimum wage, no eid or holiday bonus, penalization on their salary, sexual harassment, overtime and discouragement from joining unions.

Carpio Arguedas, Yamileth, "Bitter fruit: health woes of a plantation worker", *Women's Health Journal*, N° 1, 1996, pp. 11-12

Testimony presented at the First Costa Rican Tribunal on Violations of Women's Human Rights in Nov. 1995 from a 41-year-old plantation worker. The woman reports health problems from pesticide: "I suffer from pains in my bones, intense headaches, strong pains with my menstrual period, vision loss and chronic allergy. (...) I had seven miscarriages when I worked in the banana plantations."

Cooper Weil, D.E. et al., *The impact of development policies on health: a review of the literature*, WHO, Geneva, 1990. Esp. "Small-scale industry, agriculture, and the informal sector" and "High-risk groups: children and women", pp. 73-79

"Most large-scale agricultural operations, such as plantations, provide formal health services for workers and are subject to frequent health and safety inspections, especially if operated by multinational firms. However, labourers in small agricultural operations rarely have access to health services and their employers may not be subject to inspection of enforcement of regulations." (p. 73, §2)

"The health problems reportedly associated with employment on the production lines in export processing zones have included acute chemical poisoning, chronic conjunctivitis, eye-strain, migraine headaches, rheumatism, arthritis, brown lung disease, and fatigue resulting from the intensity of the work and the working hours — in most you, 45 -50 hours per week is common; in some, overtime, often unregulated, brings the working week up to 65 - 70 hours. However, the causal relationships between illness in workers and factory conditions and practices have not been adequately demonstrated. (...) Some research, however, suggests that the overall health level of factory workers in export processing zones may in fact be considerably higher than that

of their counterparts employed outside the formal sector.” The women factory workers have a lower risk of poverty-related illness, but as many major occupational diseases and illnesses have long latency periods, it might be too early to assess the health effects of employment in these government-supported industrial areas. (pp. 77-78)

Dinham, Barbara, *The pesticide hazard: a global health and environmental audit*, Zed Books, London & New Jersey, 1993. Ch. 3: “Health and safety”, pp. 38-63

The chapter on *Agricultural labourers face highest risk* draws together the health and safety issues and evidence is supplied from Honduras, India, Guatemala and Malaysia. As labour is abundant in most DCs, when pesticides clearly have affected agricultural labourers' health, some employers adopt the cynical position of reducing individual health risks by not guaranteeing work. The example of the US conglomerate United Fruits is given. United Fruits owns banana plantations in Honduras through its subsidiary the Tela Railroad Company and employs full-time pesticide sprayers. The labourers are employed on six-month contracts for this task by the company, because of the health impact, according to the workers.

Evers, Barbara, “Trade liberalisation and employment in Indonesia”, in: *Economic and political reform in developing countries*, St. Martin's Press, New York and Macmillan Press, London, 1995, pp. 172-199

Some considerations on employment conditions in garment and weaving factories of Indonesia are exposed. Wages are among the lowest in the world and in Spring 1992, a maximum of 60% of clothing factory workers were said to be paid the minimum wage of US \$1 per 7 hour shift. But most of the over 100 strikes in the clothing factories near Jakarta are over working and living conditions rather than pay.

Hale, A., “Trade liberalization and women workers”, *The Ecologist*, Vol. 27, N° 3, May/June 1997, pp. 87-88

The opening up of markets and the resulting competition among countries and workers has led companies to be on the constant look-out to reduce their costs by increasing the flexibility and intensity of work. “For workers, this means casualization and constant insecurity, increased work loads and longer hours. The deregulation of labour markets, part of the free trade agenda, is facilitating this process by removing protective legislation and minimum wage agreements.”

Kolodner, Eric, "Transnational corporations: impediments or catalysts of social development?", *Social Summit Occasional Paper n° 5*, United Nations Research Institute for Social Development (UNRISD), Geneva, Nov. 1994 (pp. 4-7)

TNCs almost always provide higher wages, safer work conditions and better benefit packages than local firms. However, TNCs sometimes pay a lower wage relative to workers' productivity. Furthermore, their actions are hardly beyond reproach in DCs with respect to subcontractors and export processing zones. "Working primarily in light manufacturing industries such as textiles, electronics, footwear and sporting goods, TNC employees in developing countries often work very long hours under hazardous conditions and receive little pay and no compensation for overtime. They possess low unionization rates, limited job security and few opportunities for training or advancement." (p. 6) Some details on TNCs misbehaviour are then listed as examples.

Russel, Avery, "Promoting binational cooperation to improve health along the U.S. - Mexico border : when research pays off for the community", *Carnegie quarterly*, winter-fall 1991, New York (also on <http://www.paho.org/english/fep/fep00033.htm>)

This articles reviews poor health status and living conditions of the people living at the US-Mexico border. Altogether more than 475'000 young adults (90% women) are employed in maquilas and thousands more work in businesses that service the maquilas. The activities of PAHO in the area are described.

Support Committee for Maquiladora Workers (SCMW), "Maquiladora workers demand a living wage", *Cross Border Connection*, Oct. 1996 (also on <http://www.corpwatch.org/trac/feature/sweatshops/maria.html>)

This article is a testimony from a maquiladora in Mexico. The hours of maquiladora work required to buy each basic necessity are listed and the sum of basic necessities a family needs obviously shows that the salary of two full time jobs don't make ends meet for a family of four.

A.3. Impact on food consumption patterns

GATT, "Decision on measures concerning the possible negative effects of the reform programme on least-developed and net food-importing developing countries", in : *The results of the Uruguay Round of multilateral trade negotiations : the legal texts*, Geneva, May 1994, pp. 448-9

Ministers recognize that during the reform programme leading to greater liberalisation of trade in agriculture, LDCs and net food-importing DCs may experience negative effects in terms of the availability of adequate supplies of basic foodstuffs from external sources. They accordingly agreed to establish appropriate mechanisms, listed in this *Decision*.

MIMAP (Micro Impacts of Macroeconomic Adjustment Policies Project), "Trade liberalization: does it translate to better nutrition?", *Project Updates*, Vol. 3, N° 2, June 1994, <http://pdfi.pids.gov.ph/mimap/v320696a.htm>

The results of a study made in the Philippines by this NGO are presented, though as per the author they are very tentative and still undergoing further development. It appears that trade liberalization, by increasing the income of households and making the most important items in the food basket more affordable, leads to higher nutrient intake for all household groups, including the poor.

Ngalande Banda, E.E., "Macroeconomic development and the health sector in Malawi", *Macroeconomics, Health and Development Series*, N° 9, WHO/ICO/MESD.9, World Health Organization, Oct. 1993 (ch. 5.1: "Effects on nutrition and health")

In Malawi, price liberalization affected nutrition and health in different ways: through the increase in prices of agricultural commodities together with loss of purchasing power, but also transforming food crops into cash crops and thereby increasing the number of months of food deficit.

Parikh, Kirit et al., "Agricultural trade regimes: impact on sector proportions, real incomes and hunger in the world", *European Review of Agricultural Economics*, Vol 15, N° 4, 1989, pp. 397-417

"In the article the consequences of agricultural trade liberalization are explored with the help of

the Basic Linked System (BLS) of national models developed by the Food and Agricultural Programme (FAP) of the International Institute for Applied Systems Analysis (IIASA). After a brief description of the model characteristics, the consequences of agricultural trade liberalization (1) by only the less developed countries, (2) by only the OECD countries, and (3) by all market economies are explored with respect to the impact on a) the global market environment, b) domestic relative prices, c) sectoral composition, d) real incomes, and e) level of chronic hunger. The results of these model calculations indicate that a move to liberalized trade results in a small change in growth but that the impact on sectoral balance and hunger is significant, though not always favourable." (author's abstract)

Patnaik, Utsa, "Export-oriented agriculture and food security in developing countries and India", *Economic and Political Weekly*, Vol. 31 (35-37), Sept. 1996, pp. 2429-2449

The author reviews in the last part of his article the food security issue through the experience of Mexico and of the Sub-Saharan African countries who *successfully* engaged in an export thrust "of such dimensions as to undermine their own food security and plunge substantial sections of their populations into a spiral of declining basic food consumption" (pp. 2444-2447) and *Emerging inverse relation between agri-exports and food availability in India* (p. 2447).

WHO, *Forty-seventh World Health Assembly: resolutions and decisions*, Geneva, 2-14 May 1994, WHA47/1994/REC1, "Infant formula and related trade issues", pp. 74-76, esp. §140-141

On the basis of article XX of the Text of the General Agreement (Vol. IV, 1969), and "in the absence of even anecdotal evidence suggesting the contrary, it appears reasonable to assume that the conclusion of the "Uruguay Round" of GATT negotiations will not weaken the capacity of Member States to adopt and enforce national measures, including laws and regulations, to give effect to the principles and aim of the International Code."

WHO, *Implementation of resolutions and decisions: infant and young child nutrition*, Executive Board, 101st Session, 9 Dec. 1997, EB101/INF.DOC/4, §25-29

Progress in implementing the International Code of Marketing of Breast-milk Substitutes is reviewed: 83% of the 158 Member States have reported to WHO on action taken to give effect, in whole or in part, to the principles and aim of the Code.

A.4. Impact on other behavioural elements (e.g. hygiene, smoking, etc.)

Feuerstein, Marie-Thérèse, ch. 5.3: "Links between tourism, poverty and health", in: *Poverty & health: reaping a richer harvest*, Macmillan Education Ltd, London and Basingstoke, 1997, pp. 94-96

The author reviews in this chapter the consequences on health of tourism in DCs, and especially of sex tourism, including child prostitution. Even when prostitution is illegal in low and middle-income countries, commercial sex is tolerated by governments for fear of damaging the lucrative tourist industry. "Sex tourism promotes traffic in women, international migration of women and mail-order brides. The women involved almost always come from among the poor and vulnerable groups."

"Sex tourism is associated with sexually transmitted diseases and HIV infection, unwanted pregnancy and unsafe abortion. (...) Women who are poor may not insist on condom use if they can get more money to feed their children by unprotected sex." (p.95)

Frey, Scott ³⁰, "The international traffic in tobacco", *Third World Quarterly*, Vol. 18, N° 2, 1997, pp. 303-319

The risks of hazardous exports to LDCs by developed countries-based TNCs is examined in terms of tobacco trafficking in African, Asian and Latin American countries. The extent to which this trade has negative health, environmental and social consequences for LDCs is outlined in the third part of this article. Tobacco-related deaths are already the single largest cause of preventable death in the LDCs after malnutrition and infectious diseases, and several experts predict that smoking will become the leading cause of death in the LDCs in the next decade.

Purisinsit, Varunee and Jirapatpimol, Benja, "Women's industrial work conditions and changes in family relationship in northern Thailand", *Development*, Vol. 40, N° 3, 1997, pp. 80-84

The authors show the down side for local women of participating in the global economy. "They illustrate how policies focusing on economic growth are squeezing workers, ignoring their needs in the pursuit of profits; and in women's cases ignoring their vital reproductive role in the home and community." (authors' abstract)

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Department of Sociology, Anthropology and Social Work, Kansas State University

Riley, Maria and Mejía Rocío, "Gender in the global trading system", *Development*, Vol. 40, N° 3, 1997, pp. 30-36

The authors review how women, particularly those in marginalized societies, are deeply affected by global trade practices in ways quite different from men. With the added demands of paid work, women now carry the typical double or triple burden of work (home- , paid and community work). "While women are working longer hours, they are not receiving comparable remuneration." (p. 33) The authors call for a much more thorough political analysis of what this issue should mean for future trade negotiation at all levels.

Stebbins, Kenyon Rainier, "Transnational tobacco companies and health in underdeveloped countries: recommendations for avoiding a smoking epidemic", *Social Science and Medicine*, Vol. 30, N° 2, 1990, pp. 227-235

This article presents a picture of increasingly successful penetration of cigarette sales and consequent health risks to the population of the DCs. The DCs do little to provide education on health hazards, and they are seduced by the revenue from cultivation and tax on finished products (e.g., providing 47% of Malaysia's collected taxes and 55% of Malawi's foreign exchange), thus giving the multinationals a great advantage.

B. THE STRUCTURE OF INVESTMENTS AND ITS IMPACT

Watkins, Kevin, "International trade" (ch. 4), in: *The Oxfam Poverty Report*, Oxfam, UK & Ireland, 1995

A review of the impact of international trade on sustainable livelihoods is provided, including a focus on the exports of primary products and deforestation through timber trade

B.1. Pollution (water, air, soil)

FAO, "Food and international trade", *World Food Summit technical background document n°12*, 1996, "Environmental implications of agricultural trade liberalization"

Where environmental problems are exacerbated by trade, general trade is not the root cause of the problem. "Environmental damage generally results from (domestic) policy distortions and private costs not reflecting the full social cost of resource use. The appropriate policy response to address such failures is the internalization of unaccounted environmental costs. (...) Moreover, many developing countries are under tremendous economic pressure to exploit their resources regardless of the long-term consequences." (§4.6 to 4.10)

Frey, Scott R., "The international traffic in pesticides", *Technological Forecasting and Social Change*, Vol. 50, N°2, October 1995, pp. 151-169

Although DCs use 30% of all the pesticides marketed annually worldwide, they experience anywhere from 75% to 99% of all deaths due to occupational and non-occupational pesticide poisonings.

Gafar, John, "Guyana: from cooperative socialism to economic liberalization and growth: 1976-1994", *The Journal of Developing Areas*, Vol. 31, n° 1, 1996, pp. 41-74

"The rapid growth [in Guyana] is not painless, however, since the exploitation of forest resources and mineral (gold) exploration have caused considerable environmental damage to Guyana's rivers, forest, plants, and animal life, as the 1995 cyanide spill in the rivers associated with gold mining illustrates. Excessive logging is contributing to deforestation and environmental decay,

and is threatening the rain forests.” (p. 69)

Goldsmith, Edward, “Can the environment survive the global economy?”, *The Ecologist*, Vol. 27, N°6, Nov./Dec. 1997, pp. 242-248

“The globalization of economic development can only massively increase the impact of our economic activities on an environment that cannot sustain the present impact. What is more, by signing the recent GATT and other agreements we are in effect removing all constraints on the activities of transnational corporations and thereby subordinating environmental imperatives to their immediate interests.” (author’s abstract)

Moody, Roger, “Gold mining - the costs of liberalisation”, *D+C*, N°4, 1996, pp.28-29

“Extracting gold involves excavating billions of tonnes of ore. Trees, top soil and vegetation are removed, and only very careful closure and remediation work ensures that the damage is not lasting. During operations, chemical treatments present further risks to the health of the miners and the surrounding environment and communities. (...) With predictions that in 20 years time, about half of global production will come from territories used or claimed by indigenous peoples, many of whom have successfully protested against mining activities, further action will also be needed to protect the rights, environment and health of these people.”

OECD, “Report on trade and environment to the OECD Council at ministerial level”, Organisation for Economic Co-operation and Development, Paris, 1995

In its conclusions and recommendations, this documents states that : “OECD Governments view trade liberalisation as a positive agent which could provide resources for environmental improvement, particularly for developing countries and economies in transition.”

“In the absence of effective environmental policies, including those aiming at internalising environmental costs, or when distortive domestic policies exist, increased economic activity generated from trade liberalisation can contribute to environmental problems.”

Rodhain, F., “Problèmes posés par l’expansion d’*Aedes albopictus*”, *Bulletin de la Société de Pathologie Exotique*, Vol. 89, N° 2, août 1996, pp.137-141

Ae. Albopictus – originated from Asia – was introduced in some countries of the Americas, Africa (Nigeria) and some Pacific islands. These introductions were made primarily through imported tyres containing eggs and/or larvae of this insect.

B.2. Safety in factories

La Botz, Daniel, "Manufacturing poverty: the maquiladorization of Mexico", *International Journal of Health Services*, Vol. 24, N° 3, 1994, pp. 403-408

"Today some 500'000 Mexican workers labor in 2'000 factories for \$4.50 a day in Mexico's *maquiladoras* [EPZ]. Two-thirds of the workers are women, many single women who head their households. These women work in the new, modern manufacturing plants in industrial parks, but live in squalid shantytowns without adequate water, sewage, or electricity. On the job, workers face exposures to toxic chemicals and dangerous work processes." (from author's abstract)

"The *maquiladoras* are also a factor leading to the proliferation of child labour, with children from desperately poor families often using forged birth certificates to begin working in the *maquiladoras* at 14 or 15 years of age." (p. 407)

Schenker, M.³¹, "Occupational lung diseases in the industrializing and industrialized world due to modern industries and modern pollutants", *Tubercle and Lung Disease*, Vol. 73, 1992, pp. 27-32

Many of the new "high tech" industrial processes are associated with the use of respiratory toxins. The semiconductor manufacturing illustrates many of these issues. Potential acute respiratory effects of the exposures to the chemicals used in these industries include mucous membrane irritation, tracheobronchitis, pulmonary edema and death. "Chronic effects may include airway sensitization and possibly respiratory cancer." Movement of "high tech" industries to DCs may not be accompanied by the same degree of attention to the control of workplace exposures than for industrialised countries.

International Labour Organization (ILO), "Occupational safety and health", in: *Globalization of the footwear, textiles and clothing industries: report for discussion at the Tripartite meeting on the globalization of the footwear, textiles and clothing industries: effects on employment and working conditions*, Geneva, 1996, pp. 101-102

International competition often leads to modernization of production processes. As new machines incorporate new devices to limit accidents and occupational diseases, there has been an overall reduction in the number of accidents and an improvement in health conditions.

³¹ Division of Occupational and Environmental Medicine, University of California at Davis

3. IMPACT OF INTERNATIONAL TRADE CHANGES ON THE HEALTH SECTOR

<h4>A. GOVERNMENT BUDGET ALLOCATION</h4>
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Mulat, Teshome, "Trade liberalization and government tax revenue loss in Africa", *Journal of World Trade*, Vol. 31, N° 1, February 1997, pp. 161-174

The tax revenue loss is estimated from a full liberalization of inter-regional trade and from a full intra-African trade liberalization. The average annual rates for this revenue loss is relatively small, at less than 0.5% of GDP. The tax revenue loss from full implementation of the World Trade Organization Agreement is detailed in Table 4. If implemented now, the loss would average about 2% of Africa's GDP. But full globalization of Africa's foreign trade is not expected in the near future. The author concludes that "revenue loss" should not be accorded centre stage in trade policy discussions in Africa, because some of these losses can be offset by countervailing measures.

Roy, Sumit, "What prospects does India have of benefitting from globalization", in : *Globalization and liberalization : effects of international economic relations on poverty*, UNCTAD, United Nations, New York and Geneva, 1996, pp. 205-210

The author reviews the liberalization measures adopted in India in the 1990s and states that they have tended to treat social expenditure as a residual. "Central government allocations to education and health care declined since 1990-91, with a slight corrective upward rebound in 1994-95. The sharpest cuts have occurred with respect to preventative disease control programmes, such as malaria, tuberculosis and leprosy, which affect particularly the poor. Cuts in central grants have particularly negatively affected the poorest States, where disbursements on medical and health expenditures have fallen in real per capita terms since 1991. In the aggregate, human development expenditure has declined in the country's State budgets from 16 per cent to 12.4 per cent during the 1990s. The decline has been even larger for infrastructure, where the share fell from 15.9 per cent before liberalization to 5.7 per cent of total expenditure after liberalization." (p.208)

Woodward, David, "Effects of globalization and liberalization on poverty : concepts and issues", § 3.8.4 "Effects on social sectors", in : *Globalization and liberalization : effects of international economic relations on poverty*, UNCTAD, United Nations, New York and Geneva, 1996, pp. 91-2

In Latin American countries and in middle-income East Asian countries which benefit overall from G/L and have largely completed the tariff-reduction process, the effects of G/L on social sectors should be positive, provided faster growth and higher incomes are sufficient to off-set reductions in tax rates and the need for increased fiscal discipline. In other countries, the effect may be more neutral or negative. "In Sub-Saharan Africa and other smaller low-income countries, the effect is likely to be more clearly negative, as continued stagnation compounds the expenditure-reducing effects of liberalization." (p. 91)

Chossudovsky, Michel, *The globalisation of poverty: impacts of IMF and World Bank reforms*, Zed Books, London and New Jersey; Third World Network, Penang (Malaysia), 1997

"Michel Chossudovsky's valuable study addresses some of the most important issues of the current era: the *economic reforms* being implemented by the international financial institutions in much of the Third World and Eastern Europe and their grim effects. (...) His general analysis and penetrating case studies show how these *reforms* restore colonial patterns, bar national planning and meaningful democracy, and undermine programs that benefit the general population, while establishing the framework for a world of growing inequality, with a large majority consigned to suffering and despair in the interests of narrow sectors of privilege and power." (Noam Chomsky)

Three paragraphs (p. 62-63) review the consequences of trade liberalisation on national economies of indebted countries. The decline in customs' revenues has a significant impact on the State's public finances. "Not only do these measures backfire on the budget deficit, thus exacerbating fiscal imbalances; they also prevent the authorities from selectively *rationing* (through tariffs and quotas) the use of scarce foreign exchange". Liberalisation of trade also leads to the collapse of domestic manufacturing and the influx of luxury goods, contributing to swelling the external debt.

B. PRIVATE HEALTH SECTOR (FOR-PROFIT AND NGOs)

Correa, Carlos M., "Los acuerdos de la Ronda Uruguay y los medicamentos", in : *Los medicamentos ante las nuevas realidades económicas*, Lobo Félix y Velásquez Germán, Biblioteca Civitas Economía y Empresa, 1997, Madrid, pp. 53-105

El autor evalúa el impacto que la Ronda Uruguay tendrá sobre los medicamentos. Estipula que no es de esperar un impacto sobre los precios de los medicamentos al consumidor en los países en desarrollo de la reducción de los aranceles aplicables a productos químico-farmacéuticos.

Semin, Semih and Güldal, Dilek, "The growing dependency in health care : recent changes in medical technology imports and exports in Turkey", *International Journal of Technology Assessment in Health Care*, Vol 12, n° 4, 1996

This study investigates recent changes related to the import and export of medical technology and their results in Turkey. As a result of efforts made to implement a free market economy since the 1980s, the priority has been *profitability* rather than *necessity*. The authors state that the liberalization and stimulation of foreign trade has not only caused unplanned growth of medical technology imports, it has also negatively affected national products related to medical technology.

Woodward, David, "Effects of globalization and liberalization on poverty : concepts and issues", § 3.8.3 "Price effects", in : *Globalization and liberalization : effects of international economic relations on poverty*, UNCTAD, United Nations, New York and Geneva, 1996, pp. 88-91

With the combined effect of G/L and devaluation, tariff reduction reduces the cost of imports, but the associated devaluation also increases the price of exportables (given in domestic prices). The prices of goods with relatively low initial tariffs (or over-valued exchange rates) like basic foods, drugs and medical equipment – when not produced domestically on a significant scale – will be increased.

4. ADJUSTMENT OF HEALTH POLICIES TAKING INTO ACCOUNT INTERNATIONAL TRADE

Antezana, Fernando S., "Keynote address: nonprescription medicines and WHO's goal of health for all", opening session of the World Federation of Proprietary Medicine Manufacturers (WFPMM), Acapulco, Oct. 1993: "Globalization of the self-medication market, challenges and opportunities", *Swiss Pharma*, Vol. 16, N° 11-S, 1994, pp. 12-14

"The principles contained in the WHO Ethical Criteria for Medicinal Drug Promotion are fundamental guidelines for the safe and rational use of drugs, including promotional aspects and required basic information. These elements are of the utmost importance for national authorities when applying standards for the promotion, sale and use of drugs, including non-prescription drugs." (p. 14)

Collishaw, Neil E.³², "Tobacco control and the Paris Convention for the Protection of Industrial Property", *Tobacco Control*, Vol. 5, N° 2, 1996, p. 165

The author ensures that it is possible and strongly advised for member states to simultaneously implement both the Paris Convention for the Protection of Industrial Property (which is an agreement that enables effective patent and trademark protection in countries that have signed this convention) and World Health Assembly resolutions calling for bans on all forms of tobacco advertising and prominent warnings on packages of tobacco products.

Cooper Weil, D.E. et al., *The impact of development policies on health: a review of the literature*, WHO, Geneva, 1990. Esp. "Trade policies and food supply", pp. 18-25, "Pesticide use", pp. 44-47 and ch. 4: "Industrial policies", pp. 61-95

The section on *Trade policies and food supply* deals with food security. The authors mention the importance of compensatory measures – e.g., food subsidy programmes, temporary subsidies for food imports – to soften the adverse short-term effects of a devaluation policy on the poor. "It thus appears that measures to enhance food security should be preceded by a balanced empirical analysis of the effects of changes in food prices in the country concerned." (p. 20) The concern

³² Tobacco or Health, Programme on Substance Abuse, WHO

on the nutritional consequences of export crop production concludes that : "Agricultural projects can have positive effects on nutrition only where women participate in farm production, as the source of labour, and thus have control over the generation of income. In societies where women hardly contribute towards the family income, cash cropping may not lead to improved nutrition." (p. 25)

The section on *Pesticide use* stresses the need of training in the safe use of pesticides through education, awareness of health hazard, and licensing procedures for users.

The section on *Industrial policies* concludes that there are considerable institutional, financial, and political obstacles to effective action by governments to regulate industry and promote the health of workers and communities. Nevertheless, governments should contribute to assess the early risk and implications for health, predict the distribution of costs and benefits, and train, monitor and enforce activities, with special reference to industrial zones and regions targeted for rapid development. "As part of the policy evaluation process, the health benefits of industrial development policies need to be weighed against the costs." (p. 90)

Kinnon, Colette M., *OMC - OMS: Un échange payant ?*, document du Groupe spécial de l'OMS sur l'économie de la santé, WHO/TFHE/95.5, avril 1996. Ch. 9: "Considérations de politique de santé", pp. 39-42

L'auteur préconise trois approches de politiques de santé prenant en compte les échanges internationaux et les groupes particulièrement défavorisés. Deux de ces approches sont également deux grandes orientations politiques de l'OMS:

① l'action dans le domaine de la santé doit être axée sur la *protection de la santé* (réglementations pour protéger les travailleurs contre les risques professionnels et pour prévenir les dangers qui menacent l'hygiène de l'environnement et tenter de les supprimer),

② *assurer un accès équitable aux services de santé*

③ le secteur de la santé doit participer à l'élaboration de politiques nationales de développement,

Kolodner, Eric, "Transnational corporations: impediments or catalysts of social development?", *Social Summit Occasional Paper n° 5*, United Nations Research Institute for Social Development (UNRISD), Geneva, Nov. 1994. Part 3: "Institutional arrangements and pressures to foster transnational corporate responsibility" (pp.28-39)

A creative idea regarding governmental regulation of TNC activity includes the extraterritorial application of home country laws. This measure would require TNCs operating in DCs to adhere

to relevant laws applicable in their home countries, because such laws in the environmental, consumer and labour fields are often more stringent than the requirements found in host countries.

Stebbins, Kenyon Rainier ³³, "Transnational tobacco companies and health in underdeveloped countries: recommendations for avoiding a smoking epidemic", *Social Science and Medicine*, Vol. 30, N° 2, 1990, pp. 227-235

"Third World governments who choose to prioritize the long-term health-related benefits of nonsmoking policies ahead of the short-term financial benefits which tobacco revenues provide will necessarily have to promote the banishing of tobacco, i.e. creating a social environment where tobacco is seen as undesirable. The ultimate goal of making tobacco socially unattractive, in developed as well as underdeveloped countries, will be aided by *legislation* designed to create a social climate establishing nonsmoking as the norm of acceptable social behavior. The importance of legislation is stressed by the World Health Organization, which believes that it "is essential to put the authority, weight, and resources of the government behind anti-smoking policies and actions". The overwhelming objective of anti-tobacco activities must be to concentrate on *preventing* young people from getting hooked on cigarettes."

World Health Organization, *Food safety and globalization of trade in food: a challenge to the public health sector*, WHO, 1997

It is of greatest importance that "the health sector of each country fully participates in and contributes to the work of the Codex Alimentarius Commission". Furthermore, countries are encouraged to establish a national Codex Committee to coordinate work of different ministries/departments responsible for food control. Finally, the health sector should take full part in the WTO Committee on Sanitary and Phytosanitary Measures which holds sessions in Geneva. WTO Members are encouraged to request technical assistance from other Members during the sessions of the SPS Committee, or at any other time. "Technical advice, credits, donations and grants, including training opportunities, can be provided to Members in need, either bilaterally or through international organizations." (p. 11-13)

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Department of Sociology & Anthropology, West Virginia University

5. CONCLUSIONS

A. OVERVIEW OF THE MAIN FINDINGS: IS HEALTH WINNING OR LOSING ?

Economic Commission for Africa (ECA) and the Food and Agriculture Organization of the United Nations (FAO), Monograph N° 7, Addis Ababa, 1994

An analysis included in this joint ECA/FAO monograph on the impact of multilateral trade negotiations of the Uruguay Round and the establishment of the European Economic Community and North America Free Trade Area on Africa's and South-East Asia's future trade prospects states that the DCs with flexible production capacities will be the first to gain from the extension of a wider international market. The paper concludes that it may not be a "Garden of Eden" for some DCs, especially those that may be slow in taking advantage of the opportunities — African region being among such areas.

Page, Sheila, *World trade reform: do developing countries gain or lose ?*, Overseas Development Institute, London, 1994

The winners in terms of welfare effects and distribution of benefits will be Asian producers, notably China, and those countries which have been constrained most in the past by agricultural protection. The losers are the countries which still produce principally primary goods and whose few non-traditional primary and manufactured exports have received the most preferential terms.

Watkins, Kevin, "International trade" (ch. 4), in: *The Oxfam Poverty Report*, Oxfam, UK & Ireland, 1995. Figure 4.3.: *GATT winners and losers (projections to year 2002)*, p. 129

As per the World Bank/OECD study seen on part 1 of this annotated bibliography, the main winners by region will be the European Union, followed by China, third position is the USA, then Latin America, Eastern Europe and former USSR, and finally Gulf and Mexico. The loser is the African region.

**B. ARE ADJUSTMENTS IN INTERNATIONAL TRADE POLICIES
NECESSARY IN ORDER TO SAFEGUARD OR ENHANCE HEALTH ?**

Atkinson, Jeff, *Oxfam policy briefing for the WTO Ministerial Conference*, WTO Oxfam policy briefing, Singapore, Dec. 1996 (<http://www.oneworld.org/oxfam/policy/papers/wtobrf.htm>)

The author divides his *policy briefing* in three parts, corresponding to the three issues Oxfam is concerned about:

- the use of trade agreements to protect workers' rights;
- the removal of barriers to garment exports from developing countries;
- the threat to the right of national governments to regulate foreign investors. ("Oxfam is opposed to the introduction into the WTO of a multilateral agreement on investment of the type currently being proposed and to it being discussed at the forthcoming WTO Ministerial Conference").

Economic and Social Council (ECOSOC), *Fostering an enabling environment for development : financial flows, including capital flows; investment; trade*, E/1997/67, 5 June 1997

"The document broadly describes the globalization process and expresses concern at the growing marginalization of Africa and the least advanced countries. It also points out that this situation is due in particular to the deterioration in the terms of trade affecting these countries within the framework of their trading activities and examines how a greater coherence between development aid, trade policies and investment policies can be achieved." (ILO, GB.270/WP/SDL/1/1)

Food and Agriculture Organization (FAO), "Report of the regional NGO consultation for Asia and the Pacific on the World Food Summit", WFS/APRC/NGO/REP, Rome, May 1996

The Regional NGO Consultation for Asia and the Pacific on the World Food Summit adopted a Declaration concerning food security through trade and investment. It is stated that: "As

immediate measures to counter the negative impact of trade liberalization policies, we urge a freeze on the implementation of further agricultural liberalization until after a thorough study of the impact of the GATT Agricultural Accord and a renegotiation of the Accord based on the conclusions of such a study.” (6.5 iii), and “With respect to investment, both local and foreign, we urge the FAO to adopt a Code of Conduct for agricultural investments that would require that investments comply with the best practice in terms of food safety and ecological impact, with a strict process of environmental impact assessment with periodic environmental audits being central to the process.” (6.5 v)

Kolodner, Eric, “Transnational corporations: impediments or catalysts of social development?”, *Social Summit Occasional Paper n° 5*, United Nations Research Institute for Social Development (UNRISD), Geneva, Nov. 1994. Part 3: “Institutional arrangements and pressures to foster transnational corporate responsibility” (pp.28-39)

There is a vast and disparate array of international regulations which promote socially responsible behaviour by TNCs like;

- the UN General Assembly resolutions on permanent sovereignty over natural resources,
- the UN Charter of Economic Rights and Duties of States,
- the WHO’s International Code of Marketing of Breast Milk Substitutes,
- the FAO’s International Code of Conduct on the Distribution and use of Pesticides, etc.

The author states that “these international agreements are not perfect and their lack of enforceability renders an assessment of their effectiveness difficult. However, they are simultaneously not irrelevant because they shape the normative environment in which TNCs operate and possibly constitute the first step in the creation of a more enforceable international legal régime.” (p. 34)

LeQuesne, Caroline, "From GATT to WTO: The results of the Uruguay Round", in: *The trade trap: poverty and the global commodity markets*, Coote Belinda, Oxfam, Oxford, 1996, pp. 192-215 (esp. p.212-215)

Some recommendations are made in this chapter. Some of them are the necessity of WTO to be more closely integrated into the United Nations system or a joint ILO/WTO Working Party to be set up to make recommendations on implementation mechanisms for a multilateral social clause.

Oxfam, "Trade liberalisation as a threat to livelihoods: the corn sector in the Philippines", *Research paper*, December 1996 (<http://www.oxfam.org.uk/policy/research/corn.htm>)

Trade ministers should adopt the following interim measures in the review of the Uruguay Round agricultural agreement scheduled for 1999:

- *agree to a new food security clause which would allow DCs to protect their food systems for social, environmental, cultural, and economic reasons, up to the point of national food self-sufficiency;*
- *withdraw the requirement that DCs liberalise imports, in view of the fact that the industrialised countries continue to provide high levels of production and export subsidies;*
- *extend to agriculture the same anti-dumping principles which apply to other sectors, prohibiting the export of commodities at prices below their costs of production.*

Taylor, Allyn L., and Roemer, Ruth, *International strategy for tobacco control*, Programme on Substance Abuse, WHO/PSA/96.6

The authors state that GATT/WTO obligations should not interfere with the capacity of States to adopt and enforce national measures in accordance with an international tobacco control instrument. Strategies for implementing such an international instrument are reviewed. Finally, a proposal is submitted for a feasible and effective combination of international instruments (non-binding instrument like a resolutions or a code of conduct, sponsored by the General Assembly of the UN, and a legally binding framework-protocol convention sponsored by WHO).

UNDP, "Globalization — poor nations, poor people", in: *Human Development Report 1997*, pp. 82-93

Seven measures are listed by UNDP, which would help the poorest DCs to seize the opportunities of globalization: *a more supportive macroeconomic policy environment for poverty eradication,*

a fairer institutional environment for global trade, a partnership with multinational corporations to promote growth for poverty reduction, action to stop the race to the bottom, selective support for global technology priorities, action on global debt, and better access to finance for poor countries. (pp. 92-93)

United Nations General Assembly, *Draft report of the ad hoc open-ended Working Group of the General Assembly on an Agenda for Development, A/C.250/1, 16 June 1997*

The Agenda for Development insists on the need to promote greater integration of African countries and the LDCs in the international economic system.

United Nations General Assembly, *San José Plan of Action, A/C.2/52/8, 17 Nov. 1997*

This document, adopted by the Group of 77 at the South-South conference on Trade, Investment and Finance, states that “the full and effective implementation of the Paris Programme of Action for LDCs (...) as well as the LDCs Plan of Action contained in the WTO Ministerial Declaration of Singapore is strongly emphasized” in order to struggle with the continued marginalization of LDCs in the world economy.

SUPPLEMENTARY READING:

ARTICLES OR BOOKS INCLUDING MANY OF THE ISSUES

Atkinson, Jeff, “APEC -winners and losers”, *Development dossier N° 34, Australian Council of Overseas Aid, 1995*

An overview of the impact of the Asia Pacific Economic Cooperation (APEC) on agriculture and the rural poor, the workers’ rights, and the environment is proposed.

International Coalition for Development Action (ICDA), *An Alternative Report on Trade, Brussels, February 1995*

“The Alternative Report on Trade has two parts. Part I analyses how trade contributes or impairs

the social aspects which the World Summit for Social Development wants to tackle in March 1995: poverty eradication, productive employment and marginalisation. In addition, this reports looks at some health aspect of trade. Part II focuses on trends and events in international trade." (p. 8). Chapter 4 shows how health can be affected by trade (large amount of "non-essential", ineffective or irrational drugs exported to DCs, costing not only money but also people's health).

Masih, Abul M.M., "The limits and potentials of trade liberalization in the least developed economies: Bangladesh as a case study", *Scandinavian Journal of Development Alternatives*, Dec. 1994, Vol 13, N° 4, pp. 83-106

Bangladesh is examined as a case study of the limits and potentials of trade liberalization. The study emphasizes the crucial role of "discipline" in every sphere of life (political, social, and economic). The macroeconomic impact of proposed trade reforms is analysed in terms of employment, production and growth, income distribution, domestic price level, balance of payments, terms of trade, etc.

UNRISD, *States of disarray: the social effects of globalization*, London, March 1995, Ch. 10: "Freedom without responsibility: the rise and rise of transnational corporations", pp. 153-166

This chapter reviews the impact of TNCs on employment, transfer of technology, taxes, economic dependency, health (pharmaceutical, pesticides and tobacco) and environment.

Watkins, Kevin, "Free trade and farm fallacies: from the Uruguay Round to the World Food Summit", *The Ecologist*, Vol. 26, N° 6, Nov./Dec. 1996, pp. 244-255

"Free trade is increasingly held to offer the best route to end world hunger. The removal of trade barriers, it is argued, will allow countries to "reap the benefits of comparative advantage" and enable domestic consumption to be met more cheaply by less-costly imported supplies. While Southern countries have been obliged under the Uruguay Round of GATT to remove subsidies to their farmers, subsidies to Northern producers remain intact. Far from relieving hunger, the liberalization of agriculture is increasing food insecurity by throwing Southern producers into unequal competition with the heavily-subsidized, capital-intensive agricultural systems of the North. Millions of peasant livelihoods are likely to be lost. An alternative trade agenda is urgently required — one that promotes greater food self-sufficiency in the South with a focus on smallholder producers, and that accepts the need to restrict imports in the interests of tackling the underlying causes of hunger." (author's abstract).

Annex

Countries in the major world aggregates

<i>Least developed countries</i>	<i>All developing countries</i>		<i>Industrial countries</i>	
Afghanistan	Afghanistan	Gambia	Oman	Albania
Angola	Algeria	Ghana	Pakistan	Armenia
Bangladesh	Angola	Grenada	Panama	Australia
Benin	Antigua and Barbuda	Guatemala	Papua New Guinea	Austria
Bhutan	Argentina	Guinea	Paraguay	Azerbaijan
Burkina Faso	Bahamas	Guinea-Bissau	Peru	Belarus
Burundi	Bahrain	Guyana	Philippines	Belgium
Cambodia	Bangladesh	Haiti	Qatar	Bulgaria
Cape Verde	Barbados	Honduras	Rwanda	Canada
Central African Rep.	Belize	Hong Kong	Saint Kitts and Nevis	Croatia
Chad	Benin	India	Saint Lucia	Czech Rep.
Comoros	Bhutan	Indonesia	Saint Vincent	Denmark
Djibouti	Bolivia	Iran, Islamic Rep. of	Samoa (Western)	Estonia
Equatorial Guinea	Botswana	Iraq	São Tomé and Príncipe	Finland
Eritrea	Brazil	Jamaica	Saudi Arabia	France
Ethiopia	Brunei Darussalam	Jordan	Senegal	Georgia
Gambia	Burkina Faso	Kenya	Seychelles	Germany
Guinea	Burundi	Korea, Dem. People's Rep. of	Sierra Leone	Greece
Guinea-Bissau	Cambodia	Korea, Rep. of	Singapore	Hungary
Haiti	Cameroon	Kuwait	Solomon Islands	Iceland
Kiribati	Cape Verde	Lao People's Dem. Rep.	Somalia	Ireland
Lao People's Dem. Rep.	Central African Rep.	Lebanon	South Africa	Israel
Lesotho	Chad	Lesotho	Sri Lanka	Italy
Liberia	Chile	Liberia	Sudan	Japan
Madagascar	China	Libyan Arab Jamahiriya	Suriname	Kazakstan
Malawi	Colombia	Madagascar	Swaziland	Kyrgyzstan
Maldives	Comoros	Malawi	Syrian Arab Rep.	Latvia
Mali	Congo	Malaysia	Tanzania, U. Rep. of	Lithuania
Mauritania	Costa Rica	Maldive	Thailand	Luxembourg
Mozambique	Côte d'Ivoire	Mali	Togo	Macedonia, FYR
Myanmar	Cuba	Mauritania	Trinidad and Tobago	Malta
Nepal	Cyprus	Mauritius	Tunisia	Moldova, Rep. of
Niger	Djibouti	Mexico	Turkey	Netherlands
Rwanda	Dominica	Mongolia	Uganda	New Zealand
Samoa (Western)	Dominican Rep.	Morocco	United Arab Emirates	Norway
São Tomé and Príncipe	Ecuador	Mozambique	Uruguay	Poland
Sierra Leone	Egypt	Myanmar	Vanuatu	Portugal
Solomon Islands	El Salvador	Namibia	Venezuela	Romania
Somalia	Equatorial Guinea	Nepal	Viet Nam	Russian Federation
Sudan	Eritrea	Nicaragua	Yemen	Slovakia
Tanzania, U. Rep. of	Ethiopia	Niger	Zaire	Slovenia
Togo	Fiji	Nigeria	Zambia	Spain
Tuvalu	Gabon		Zimbabwe	Sweden
Uganda				Switzerland
Vanuatu				Tajikistan
Yemen				Turkmenistan
Zaire				Ukraine
Zambia				United Kingdom
				USA
				Uzbekistan

Source: UNDP, *Human Development Report 1997*

