

This issue of the South Bulletin focuses on promoting Development through regional and inter-regional cooperation.

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To bring the spotlight back on commodities as part of development and poverty reduction strategies, a "Global Initiative on Commodities" is being taken in Brasilia from 7 to 11 May. The organizers are: the Common Fund for Commodities (CFC), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP) and the African, Caribbean and Pacific Group of States (ACP Group).

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UNASUR - UNION OF SOUTH AMERICAN NATIONS - TAKES SHAPE

The process of regional unity appears to be peaking in South America. The recent meeting of ten Presidents for an Energy Summit in the Venezuelan Island of Margarita also gave defining colours to an emerging union of South American nations. To be located in Quito, Ecuador, the new institution would be looking for its new Permanent Executive Secretary. The following analysis was provided by Chris Carlson of Venezuelanalysis.com from Merida. Also included is an earlier report on Brazil's decision to join the South Bank. On 13 April 2007, Venezuela paid off the last installment of its debts owed to the World Bank. In 1998, it owed about \$3billion.

In the spirit of integration, ten Presidents of South America met 16-17 April 2007 at the first South American Energy Summit to design an energy strategy for the region. On the Venezuelan island of Margarita, the leaders of the region discussed plans for a regional gas pipeline, the development of biofuel, the creation of the Bank of the South, and the unification of South America. Venezuela and Brazil also launched a joint petrochemical plant in the eastern part of the country.

The Union of South American Nations (UNASUR) is the name that the leaders decided to give to the group of countries who will work together for the development of the continent. Ten of the twelve South American Presidents attended the Summit including Hugo Chavez of Venezuela, Nestor Kirchner of Argentina, Luiz Inácio Lula da Silva of Brazil, Evo Morales of Bolivia, Rafael Correa of Ecuador, Álvaro Uribe of Colombia, Michelle Bachelet of Chile, Nestor Duarte of Paraguay, and the Prime Ministers of Guayana, Sam Hinds, and of Surinam, Gregory Rusland. Only Tabaré Vázquez of Uruguay and Alan García of Peru were not present.

The next step in the formation of the Union of South American Nations will be the election of a Permanent Executive Secretary. The headquarters of the new institution will be located in Quito, Ecuador, according to initial announcements.

Among the topics discussed was Hugo Chávez' proposal for a "South American Energy Treaty" in order to guarantee energy, gas, petroleum and alternative fuels to the region for the next 100 years. Chávez warned of the growing energy needs in the future, predicting that by 2020 consumption

will have grown by 47 per cent in Latin America.

"That requires that we make decisions today, and agreements between countries and oil companies," he said.

As an integral part of their plans the leaders discussed the construction of the gas pipeline known as the Great Gas Pipeline of the South, and the Trans-Caribbean Pipeline. With these pipelines Venezuela seeks to supply the region with their gas reserves, beginning with Brazil. The Great Gas Pipeline of the South, which has created doubts about its viability and its environmental impact, will have a length of 8,000 kilometers and will require an estimated investment of about 23 billion dollars.

Regarding the recent controversy surrounding the topic of ethanol, the leaders managed to come to an agreement and resolve the differences between Venezuela and Brazil. After the Brazilian president Lula da Silva launched a plan with U.S. President George W. Bush to produce ethanol, Hugo Chávez and Fidel Castro criticized the plan pointing out that the production of ethanol could reduce the amount of fertile land allocated to produce food. But official sources said that the countries had come to a general agreement regarding the topic.

"Ethanol is important in light of the world energy crisis," said Venezuela's Hugo Chávez. "We have never denied it, we've just warned about Bush's proposal." The Venezuelan president assured that ethanol is an alternative fuel that can complement traditional fuels like gasoline, but it would be "absolutely impossible" to use it as a replacement for gasoline as Bush proposes.

Affirming the strong ties between their two countries, Chávez and Lula began the Summit's activities with the inauguration of a bi-national petrochemical plant. Accompanied by Evo Morales of Bolivia and Nicanor Duarte of Paraguay, Lula and Chávez celebrated the founding of the plant which will be a joint project between the Venezuelan state-owned Pequiven and the Brazilian private company Braskem, an affiliate of the Brazilian multinational Odebrecht.

"We have signed with Braskem like brothers 50-50," said Chávez, who made an exception with the Brazilian company given that the Venezuelan government has reserved majority control with all other private oil and gas companies. Although Chávez did state that "Venezuela will maintain strategic control" of the project.

Among other topics discussed at the energy summit were the Bank of the South and the Opegasur gas cartel. Venezuela hopes "to consolidate" the Bank of the South with the recent addition of Brazil. The addition of Brazil (with its 100 billion dollars in reserves) will be significant for the multinational fund comprised of Venezuela, Argentina, Bolivia, Ecuador, and now Brazil. The purpose of the fund will be to finance regional development and combat poverty in South America.

The South American Organization of Gas Producers and Exporters (OPPEGASUR) was discussed between leaders from Argentina, Brazil, Bolivia, Ecuador, Paraguay, Venezuela, Surinam and Guyana. The project was put together in March between Venezuela, Bolivia and Argentina as a sort of natural gas cartel similar to OPEC for petroleum. The purpose of the organization, being promoted by

Venezuela's Oil Minister Rafael Ramirez, would be regional cooperation in the gas sector, technology transfer and exchange for the development of the gas industry.

Brazil to join Bank of the South

Brazil decided to join the Bank of the South, a joint project between Venezuela and Argentina to create a Development Fund for Latin America. Venezuelan President Hugo Chávez applauded the decision on his TV show on 15 April. The addition of Brazil will greatly expand the financial capacity of the proposed development fund.

Brazilian Housing Minister Guido Mantega made the announcement on 15 April at a meeting in Washington. Representatives from Brazil, Venezuela, Argentina, Bolivia and Ecuador met in Washington this weekend to discuss the formation of the new bank. The Brazilian minister said he hopes Argentina and Venezuela will formally invite Brazil to have full membership. "Brazil is interested in the integration of South America," he said. "We will work for the creation of the Bank of the South."

Venezuelan President Hugo Chávez received the news enthusiastically on his Sunday TV program *Aló Presidente*. He said that the formation of the fund will be further discussed at the First South American Energy Summit that began today, where major leaders from the region, including the Brazilian president, will be present.

The addition of Brazil to the Bank of the South will be very beneficial to the fund since Brazil has the biggest financial reserves in Latin America. Brazil, with 110.5 billion US dollars in currency reserves towers over Venezuela and Argentina, which have \$31.3 billion and \$37.5 billion respectively.

Venezuela had initially agreed to inject \$1.4 billion into the bank and Argentina would provide \$350 million, or 10 percent of their total reserves. The incorporation of Brazil, however, will give the fund a significantly larger capacity by almost doubling the total amount of credit available.

The Bank of the South, initiated by Venezuelan President Hugo Chávez, is being developed jointly by South American countries as an alternative to the World Bank and the International

Monetary Fund. Since these organizations demand certain conditions from governments to which they lend money, Chávez and other leaders of the region accuse them of imposing policies that are damaging to their countries.

Chávez, who announced the complete payment of Venezuela's World Bank debt last weekend, has urgently pushed for the creation of the alternative fund in order to free the nations of the region from the IMF and World Bank. Unlike these organizations, the Bank of the South will be managed and funded by the countries of the region with the intention of funding social and economic development without political conditions. Among the first projects that they will fund is an 8,000 kilometer gas pipeline across South America.

Chávez has emphasized that the bank should maintain principles of solidarity and cooperation among the countries of the region, always keeping the control of the institution among the countries of the region. Chávez hopes to have the project will be launched by the end of June, and the Bank should begin operations sometime late this year.

ALBA SUMMIT STRENGTHENS REGIONAL INTEGRATION

The fifth Summit of the Bolivarian Alternative for the Americas - ALBA - which seeks to provide an alternative the current Free Trade Agreements, was held in Venezuela (28-29 April, 2007). It provided a forward momentum to a number of projects for cooperation between the member nations. "Integration is cooperation and solidarity," said Cuban Vice-president Carlos Lage. "To think about humans and not in markets means subordinating the economy to politics, and not subordinating politics to business, banks, and trans-nationals," he said. Following is a report filed by Chris Carlson of Venezuelanalysis.com from Merida on 29 April, 2007.

With an eye toward the integration and development of their countries, the leaders of Bolivia, Cuba, Venezuela, Nicaragua, and Haiti met this weekend in Venezuela for the 5th ALBA Summit. Among the many proposals, Venezuelan President Hugo Chávez proposed the extension of the Venezuelan health and education programs to all the nations of ALBA, as well as supplying all of their energy needs.

Hugo Chávez of Venezuela gave the opening remarks at the 5th ALBA Summit on Saturday, in the Venezue-

lan city of Barquisimeto, in the presence of Evo Morales of Bolivia, Daniel Ortega of Nicaragua, René Préval of Haiti, and Carlos Lage of Cuba. Also present were delegations representing Ecuador, Uruguay, Dominica, and St. Vincent and the Grenadines.

"ALBA is not an agreement of the elite. ALBA is born from down below, from the grassroots of the population," said Chávez in his opening remarks.

"Without the people no union would be possible and that is one of the criti-

cisms that we have always made of other integration efforts."

The idea of ALBA, the Bolivarian Alternative for the Americas, was first proposed by Venezuelan President Hugo Chávez in 2001 as an alternative to the Free Trade Area of the Americas (FTAA) promoted by the United States government. The initial ALBA agreement was signed in December 2004 between Hugo Chávez and Fidel Castro, and Bolivia and Nicaragua later joined the agreement. Haiti and Ecuador have also expressed inter-

est in the agreement, but have not yet formally joined.

ALBA fundamentally rejects many of the principles of the free trade agreements promoted by Washington for the region. Instead, the objective of the ALBA agreement is to promote cooperation and collective development of the region with an emphasis on fighting poverty and social exclusion.

Nicaraguan President Daniel Ortega pointed out the difference yesterday between the free trade agreements and ALBA. "The objective is not necessarily to maintain high economic statistics or attract investment, but rather to benefit our populations, so that they have health care, education, jobs, and so they can get out of poverty."

"Integration is cooperation and solidarity," said Cuban Vice-president Carlos Lage. "To think about humans and not in markets means subordinating the economy to politics, and not subordinating politics to business, banks, and trans-nationals," he said.

The purpose of the meeting this weekend was to move forward with the initiative by defining new joint projects and strategies for integration. The first proposal was made by Hugo Chávez when he offered to supply oil to meet the energy needs of all the member countries. Along with the oil supply,

Chávez offered to finance 50 per cent of the countries' oil costs.

"The time has come for oil to provide for the development of our countries," said Chávez.

In addition, the creation of an ALBA Fund was announced with the purpose of financing social projects in the agricultural realm such as food production and the promotion of small and medium-sized companies.

Many joint projects are also being discussed including energetic, educational, medical, and mining agreements. Chávez announced today the possibility of three-way agreements between Bolivia, Cuba, and Venezuela. Some of the possibilities include the creation of joint-companies such as a joint Cuban-Venezuelan stainless steel plant that would have a capacity to produce 500 million tons of stainless steel per year. Another project is a Cuban-Venezuelan company to produce nickel in Cuba at a capacity of 68 tons a year.

With Nicaragua, Venezuela is discussing the creation of an aluminum company in the country with the intention of supplying Nicaragua's internal market, as well as exporting to Latin America. And in Bolivia the discussion centers on the extraction of their large reserves of iron, along with the installation of a steel plant and two cement plants.

Exporting Health and Education

In the areas of education and health, President Chávez proposed to incorporate ALBA members and Haiti into the Venezuelan government "missions" that have had so much success in Venezuela. These health and education programs have allowed Venezuela to provide free medical attention to millions of Venezuelans and to eliminate illiteracy in the nation according to the government.

"I'm talking about ALBA Education and ALBA health," said Chávez. "This means something like our missions, but extending them to all of ALBA territory."

The health and education programs that the Chávez government has been developing in Venezuela over the last few were largely adopted from Cuba where they were also very successful, and have also been put into place by the Morales government in Bolivia. Chávez' new proposal would extend these programs to Haiti, Nicaragua, and Ecuador.

Chávez also proposed to the ALBA Summit a "confederation of Republics," as a way to create a structural formation for the ALBA agreement. The idea is to create an institutional structure that will transcend the bilateral agreements and allow for the future growth of the Bolivarian Alternative for the Americas.

SOUTH AFRICA - SINGAPORE: WORKING OUT A FREE TRADE AGREEMENT

The recent visit of the President of Singapore Sellapan Ramanathan to South Africa served to strengthen the growing business and economic ties between the two countries. In fact, the particular focus on human resource development and capacity building will actually help better the economic prospects of the Southern African region as well as the African continent itself. Following are press comments made by South African President Thabo Mbeki and Singaporean President Sellapan Ramanathan in Pretoria on 19 April 2007 – highlighting the possible areas of cooperation.

President Thabo Mbeki

Welcome President Nathan, your delegation and other members of your delegation who are not here now. As you know, the President has come to South Africa with a strong business

delegation. We are very glad indeed that the President could find the time to visit South Africa.

Historically, the relations between South Africa and Singapore are very strong. So we are very glad to take ad-

vantage of the President's presence here in South Africa to look at what we should do to further strengthen those relations. I am glad the President will see quite a bit of South Africa - Pretoria, Johannesburg, Cape Town, Port Elizabeth and Durban which I think is very good indeed.

So indeed, you probably know this already, but over the years, beginning 1994, one of the areas in which we have had very strong relations with Singapore is that of human resource development. As you know, this is a very big problem in South Africa, ie. the issue of skills and the necessary capacity amongst our people. As you know, Singapore has great strength in this area. The President has now communicated other offers that Singapore is making to help us in South Africa address this very important issue.

The other area is that of economic co-operation. Again, the government in Singapore has been very keen that we focus on this matter including a proposal from Singapore, that must still be pursued. This proposal suggests that due to South Africa's geographic location, it become a hub that connects to Asia, the rest of Africa and South America. Indeed the government of Singapore is very keen that we work on this idea to see what can be done. I think we are progressing towards this.

Singapore will later this year become the Chair of ASEAN. We, as South Africa, SADC and Africa, have a very keen interest in strengthening this partnership to address common challenges of development. The President has just said that we should indeed look at the experience of ASEAN over the years because this process of economic integration is also a big challenge for the region and continent. Looking at the experiences of ASEAN - strengths and weaknesses - will help us to speed up our own processes of integration. I think President that this matter is materially important because later this year, in July, we will have a two-day session of African Heads of State and Government to look at this very question - ie. what other steps must be taken to achieve the political and economic integration of the Continent. ASEAN's experience will be very useful in terms of this discussion we will have in Africa in July.

President, I am very glad you are here and I am very certain this will assist in strengthening the bilateral relations between South Africa and Singapore, as well as that in multi-lateral fora. Welcome President and have a good stay.

President Sellapan Ramanathan

Thank you Mr President.

As the President has said, relations between our two countries have been warm and friendly and long lasting. We have had a number of areas of co-operation and areas in which we continue to co-operate - defence and also in international fora, the United Nations, Non Aligned Movement and gatherings of various countries - G-77.

The area in which we have focused our attention largely is that of trade which has grown and last year doubled that of the previous year to the amount of approximately Sing\$ 2 billion. We look forward to expanding this relationship.

We had earlier proposed for discussion the prospect of a Free Trade Agreement (FTA) between Singapore and South Africa. Since you are part of the Southern African Customs Union (SACU), it will be necessary for all members of the Union to be in agreement to move this process forward. We have done a number of FTAs called a number of names - India with Singapore and ASEAN, Japan, China with Singapore and ASEAN, Australia with Singapore and ASEAN. Free trade arrangements are working in many of these areas and I cannot see why it would not be successful in South Africa.

The other area in which we want to co-operate is that of air services. President Mbeki when he visited Singapore in 2005 and met the Prime Minister, reached an understanding that both countries would work together to expand the air services agreement and move towards an open skies agreement that we have implemented with other countries. Nowadays, international travel is so widespread that we want to see people moving as tourists and businessmen, developing people-to-people relations and air traffic support. As President Mbeki has said, South Africa is the hub of the region. With your membership of SADC there is an even bigger role for South Africa to play in providing the economic transformation in South Africa and in the SADC region.

As President Mbeki has mentioned, we have in the past focused on techni-

cal assistance to South Africa. Approximately 600 South Africans have been to Singapore and participated in our various programmes. President Mbeki has assured me that the experiences they have accumulated have been valuable to you in South Africa. We are prepared to offer more opportunities for such training.

As I said earlier, we are sponsoring a number of scholarships for South Africans to study at our institutions of higher learning, particularly at the Rajanam School of International Relations and Defence of Strategic Studies. Suitably qualified candidates will be welcome. The School of Public Policy and Public Administration has also, I am told, offered two scholarships into two programmes for suitable candidates. Our universities too are collaborating. A technological university has two memoranda of understanding (MoU) with the Universities of Natal and Witwatersrand.

As I mentioned earlier, we have been offering a number of training facilities for South Africans and we will continue to do so. I am glad to announce a special technical assistance project which we are launching in the areas of technical and vocational training, hospital management and trade and investment promotion. In our discussions, the possibility of sharing knowledge and experiences on the promotion of tourism was raised.

The technical and educational vocational training will provide an overview of Singapore's curriculum development process and basic skills and knowledge that were identified in training needs and designing in house programmes for your technical and vocational training. There will be five places for these candidates.

The hospital management course offers 5-8 places for South African officials. The course will introduce the latest healthcare management theories and practices and also equip participants with knowledge and skills that are applicable to the management of hospitals in present day conditions.

I am accompanied by a business delegation of 22 members. Among them are members of companies that are well known internationally -

Somoan corporation would like meet industrial developers who are dealing with power issues, waste water treatment and other matter of public utilities

ST electronics is interested to meet with companies dealing with IT systems

Singapore Land Transport Consortium wants to meet with transport ministries and government agencies involved in land transportation sectors

All these are signs of our growing interest in South Africa. It will be up to them to seize the opportunity of the present day visit and continue with business exchanges in the future.

Overall I must say we are pleased with this relationship and look forward to strengthening it with the passing of time.

I also want to praise the leadership of President Mbeki and the constructive role South Africa has played in the United Nations Security Council. As like-minded countries we are pleased to see South Africa playing such a constructive role. I want to congratulate you Mr President. Thank you

President Mbeki

With regard to that Mr President, I want to say we are only following in Singapore's footsteps.

Questions and answers

Question To both Presidents, if you could elaborate President Nathan on some of the training exchanges that are being envisaged? To President Mbeki what do you see can be achieved in terms of skills development? Can you give us some specific information?

Answer (President Nathan) I have no details on the programme. We have made available the facilities we have for the training of South Africans at various levels of skills in the areas of technical education, and in some of our skills development programmes which are intended to equip people to assume employment in industries

that are developing in Singapore and some of which will no doubt develop in South Africa. It will be up to officials on both sides to work this out. As far as we are concerned in Singapore, we are prepared to share our experiences and also to provide facilities. The selection of the particular courses will have to rest with South African officials.

(President Mbeki) It would be across a broad band of issues which President Nathan has already mentioned - for instance, the issue of trade and investment promotion: we have had a number of South Africans trained in Singapore in this area because as you can imagine this would have been a very important area considering the way in which Singapore has grown over a short period of time.

We have had officials from Foreign Affairs, as diplomats, being involved in economic and trade questions. It is important that diplomats are capacitated in this way since it now standard to promote economic diplomacy in the course of global diplomacy.

You have heard the President talk about vocational and technical training. You are aware of the focus we are now placing of Further Education and Training qualifications in South Africa. I am absolutely certain we are going to need more trainers, more educators. So indeed, we would want to take up this offer from Singapore to train trainers - Vocational and Educational training to ensure that these FET programmes result in the qualified artisans we require. So it is across the field.

The President spoke about the issue of tourism. So some extent South Africa has the advantages, and perhaps the disadvantages, of having so many natural attractions. This may be a disadvantage because people may become relaxed and expect the country to market itself. But a country like Singapore has had to be more proactive in promoting itself as a tourist destination.

As you know, this tourist sector is one of the sectors identified in the AsgiSA programme in terms of employment generation.

The training will be across the board and will cover many things depending on South Africa's requirements.

Question President Mbeki, what is your personal view of a Free Trade Agreement with Singapore?

Answer The President has reflected on this matter quite correctly. We as South Africa would want this FTA with Singapore. But again, as the President has said, we are members of the Southern African Customs Union (SACU) so the other countries - Namibia, Lesotho, Botswana - who are part of this Union must agree. The Customs Union is talking about this to map out the way forward.

I must also say that there has also been some capacity constraints, despite our desire, because of a whole variety of trade negotiations that SACU has undertaken - Mercosur, India, and so on. Resources in the region as regards the capacity to negotiate has been a bit stretched. This matter is still under negotiation within the Union. This must first be completed before we can enter into negotiations.

Question Mr Presidents, I see Ministers of Defence and Intelligence in both your delegations. Could you kindly elaborate on the discussions underway in this regard?

Answer (President Nathan) The Minister for Defence is here. We have had a general exchange of views and are appreciative of South Africa's assistance to us in making available facilities for training. Also, in the context of terrorism, there is an understanding to co-operation in terms of the sharing of information. I am not in a position to elaborate on the specifics. The two ministers did meet here and will continue to discuss how best to strengthen this relationship.

(President Mbeki) As the President has said in terms of the Defence Co-operation, the two countries have had an agreement since 1997. Singapore does not have the capacity for training in artillery because it simply does not have the space for such exercises. Singapore then shares the facilities of South Africa's National Defence Force in terms of this training. This is a programme that has been ongoing for 10 years and will continue.

Also, the Defence Ministries are looking at what other areas of

co-operation can be identified and will therefore arrange a meeting of senior officials in the first instance to look at these areas of co-operation.

The matter of intelligence co-operation as the President has said, I am sure you realize this, is a standard feature of all intelligence services across the globe, ie. Co-operation in the areas of terrorism, money laundering and trade in narcotics. This affects everyone and criminal elements involved in these activities move from country to country. Even if there is no movement between Singapore and South Africa, it may very well be that the knowledge that Singapore has may be of assistance to South Africa. Generally, you can look across the entirety of the global intelligence community, to realize that all agencies effect systematic co-operation particularly in the areas of terrorism, money laundering and trade in narcotics. These tend to be connected to each other in some instances and have a tendency to move very rapidly across the world.

These are some of the areas in which there will be co-operation amongst intelligence services of both countries.

Question President Mbeki, back to the trade issues - you mentioned that when Singapore assumes the Chair

of ASEAN you would be interested in furthering the Africa-Asia trade dialogue. Could you elaborate on what your vision is for your region?

Answer You know that Africa and Asia met in Indonesia in April 2005 to commemorate the Bandung meeting of 1955 which was off course, commemorating this Africa - Asia co-operation. This is, of course, a broader process to intensify this co-operation between both continents.

While I was the Chair of the AU in 2002 I visited Cambodia to address the ASEAN Summit at the invitation of the King. Indeed, we talked about the need to strengthen this partnership. I think what the President has said is very important. We need to look at what the experience of ASEAN has been in terms of regional integration - what was done, what worked, what did not? This experience will be very directly relevant to what the African continent and the SADC region are discussing - what do we need to do to accelerate our integration? We need indeed, to look closely at this matter.

With regard to the Africa - Asia co-operation process, there is a framework which emerged from Bandung. We are meeting at Summit level in South Africa in 2009 with a Ministerial session being held in Egypt in 2008. This is a continued process.

ASEAN is, from our point of view, a successful grouping in the processes of co-operation and integration. It would be useful to draw on this example.

Question President Mbeki, what is your personal vision for SADC looking at the ASEAN experience?

Answer I am not able to set dates. It is a matter to which SADC will attend. It is an urgent matter. South Africa in October 2006 hosted an Extraordinary SADC Summit to assess this very matter. We were looking at what progress is being made with regard to a SADC FTA, when will we come to the position of a Customs Union that will include all 14 countries and not just the current five as part of SACU, a common currency? These are very practical matters. We met in an extraordinary SADC Summit to look at these matters. There is a sense of urgency in the region with a view to moving on these matters.

I am sure, a more detailed look at the ASEAN experience will assist us achieve this pace that people in the region are interested in. There would not be any foot dragging. As I have said, the only reason one would convene an Extraordinary Summit is because we believe the matter is urgent enough to be addressed by such a meeting.

INDIA: MEETING THE CHALLENGES OF GOVERNANCE & HUMAN RESOURCES

"I view the reform of government as a means of making citizens central to all government activities and concerns and reorganising government to effectively address the concerns of the common people." That was the view expressed by the Prime Minister of India, Dr. Manmohan Singh while addressing bureaucrats and the governance challenges they face in nation-building. An efficient management of change should be a key concern of a dynamic and well functioning system of public administration, he said, adding that effective and efficient institutions form the backbone of a successful development and governance process. Following are extracts from the Prime Minister's address at the Civil Services Day on 21 April, 2007.

"I am delighted to be here again at the second Civil Services Day. I am happy that officers from across the country have been invited to this event. I compliment the Cabinet Secretary and his colleagues for taking steps to raise the elan and morale of the civil services and for organising conferences of this

nature for reflecting on the immediate and long term challenges which the bureaucracy has to address if it has to continue to be relevant to the process of nation-building.

I have often said that the future of India is undoubtedly bright. If we look

back on the progress we have made in the last fifty years, we can take pride in the positive developments that have happened in many fields. However, the problems of chronic poverty, ignorance and disease still continue to haunt millions of our citizens. We need to work hard and work fast to ensure that we

are able to eradicate these age old scourges. And the major obligation of doing so will continue to vest in the government in the coming years.

Fortunately, the economic reforms that have been ushered in over the past two decades have created the conditions for sustained and rapid economic growth - conditions which give full play to the enterprise and creativity of our citizens. At the same time, it is this economic growth that has provided governments across the country the necessary resources to tackle the problem of under-development. We are utilising this opportunity to make unprecedented advances, investments in the social sectors - investments which will ultimately empower our people to become active and effective partners in processes of development.

The world today looks in wonder at the economic transformation taking place in the country. There is a consensus across the globe that India will be among the top three or four economies of the world by 2025. The real question then is - can we do it? Can we live up to the expectations that have been raised? I am convinced that there are no binding constraints on achieving our objectives. If at all there are constraints or bottlenecks, they are all within our economy and polity. They are all domestic in nature. And it is up to all of us in government to deliver this vision of a prosperous, progressive, inclusive nation.

It is important that we recognise the continuing centrality of government in a wide range of activities and functions. And the way governments are organised and function can be a constraint on achieving our goals. Effective and efficient institutions form the backbone of a successful development and governance process.

The founding fathers had the foresight to create the necessary institutional framework which has brought us thus far. We need to think whether this framework is adequate in the years to come; whether past modes of functioning will address the demands of the future in fast changing world; whether skills and capabilities that were relevant in the past have outlived their utility? It is only by ask-

ing and answering these questions will we be able to identify institutional reforms which will meet the needs of our times.

One of the basic elements of our governance architecture is the presence of an impartial, honest, efficient and fearless civil service. Be it the All India Services or the other Civil Services. They form the permanent structure and backbone of administration. While each performs specific functions, they all have a common ethos and value system.

The Civil Services in India still attract good talent. For this reason civil servants still do command respect from the public at large. The challenge before us is to change the role of civil servants in society, without diluting quality and commitment to national goals and concern for standards and retaining the regard of society.

The All India Services in particular, have to preserve their "all India" character. They need to carry grassroots experience to the Centre and a national perspective to the States. They need to play a unifying role even while serving in states. They have a duty to ensure that national goals and objectives are kept in mind while acting at the state level. India was designed by the founding fathers of our Republic to be one large common market of people and goods. Nothing should be done to erode the cohesion of our country. In an era when our polity is getting increasingly fragmented, the responsibility on the All India Services of maintaining a national outlook has definitely increased and not diminished.

At the same time, the context in which all the civil services are functioning has also been changing. Rapid economic growth has led to a manifold increase in the quantum of work. Performance expectations have increased in terms of both speed and quality. The Government is no longer seen merely as a law enforcer or a controller of national resources. It is increasingly viewed as a provider - albeit an efficient provider - of basic services and public goods.

People expect the Government to facilitate growth and development. In this context, civil servants have to shift

from being controllers to facilitators and from being providers to enablers. They need to equip themselves with the necessary skills and capabilities to meet these new challenges. They need to master new technologies and new styles of functioning.

Civil servants have on a number of occasions risen beyond routine expectations and beliefs. They have innovated and endeavoured to bring in change in their domain of functioning to make lives of people more comfortable or the government more responsive to the felt needs of our people.

To sustain and enhance the innovative spirit, it is necessary to encourage and motivate such behaviour. I am, therefore, happy to see that one such mechanism for motivation has been introduced this year in the form of our Civil Service Awards. I congratulate the two distinguished awardees. I am delighted that the awardees have been recognised for their contribution to the welfare of our citizens. That, after all, must be and is a core function of Government in a democracy.

At the same time, I recognise that working conditions for civil servants have become perhaps more demanding. Given the challenges and the changing circumstances, we need to take steps to improve their capabilities and maintain simultaneously their morale. As far as capabilities are concerned, we are investing heavily in the continuous training of all our civil servants. A mandatory mid-term Career Training Programme has been introduced. This is essential if civil servants have to remain at the cutting edges of modern administrative practices. Police and revenue personnel in particular need to master new techniques of white collar crime and tax evasion.

On the morale front, we are trying to make it easier for the honest and motivated among you to be duly recognised and rewarded while the dishonest are punished. I must however recognise that there is a problem here and we have to devise new ways and means of sustaining the morale and providing all possible protection to all honest civil servants. We have already brought out far-reaching changes in Performance Appraisal formats for officers. We have

introduced a special dispensation to improve the working conditions of officers in the North-East. The Government will also recognise and reward dedicated and committed officers serving in remote areas and among disadvantaged and backward communities. As a Government committed to appropriate affirmative action for all disadvantaged sections, we will ensure that Constitutional commitments are fulfilled and that women and minorities in particular are properly represented at all levels in Government.

Civil servants should be particularly sensitive to the concerns of weaker sections, particularly scheduled castes, scheduled tribes, minorities and women and children. As more and more women join our civil services, we must pay special attention to improving work practices and administrative procedures which take into account their special problems involving twin roles as active members of the labour force as well as home makers.

This brings me to the more fundamental question. Are all these measures only a tinkering at the edges? While all these measures will improve the performance of the existing systems and institutions, they still beg the fundamental question - are existing systems themselves adequate? We need to think 20 - 30 years into the future and design systems, structures and procedures which are robust enough to deliver results far into the future. I already see the stress and strain in many areas of governance and wonder how much longer a creaking system can go on. While economic reforms abolished the License Raj, complaints of Inspector Raj persist - in fact, they may be getting louder.

It is in this context that 'reform of government' becomes relevant. 'Administrative Reforms' is a phrase that has been used widely to mean many things. It is used by some to mean change of any kind to deal with government problems of any description. Some regard 'administrative reform' merely as a means of 'making the government work' better. Others in fact see 'reform' as "less government". I view the reform of government as a means of making citizens central to all government activities and con-

cerns and reorganising government to effectively address the concerns of the common people. This requires "out of the box" thinking. It requires innovative thought backed up by a mechanism to implement new ideas. We live in a world characterised by unprecedented social, economic and technological change. An efficient management of change should be a key concern of a dynamic and well functioning system of public administration.

It is in this context that we have set up an Administrative Reforms Commission and are committed to early implementation of its recommendations. The ARC's terms of reference reveal a shift from traditional public administration concerns to more citizen centric governance concerns. A Group of Ministers has been set up to monitor their implementation and the Cabinet Secretary is monitoring steps being taken. I hope that this initiative will fetch results sooner rather than later.

Very often, the most difficult area of reform in government is process and procedural reform. No amount of investment in capabilities and technologies can improve performance and service delivery beyond a point if we continue to be prisoners of archaic procedures and processes. Often, policy reform measures do not deliver the desired outcomes because of lack of forward movement in reform of government processes. This is after all, what gives rise to the so-called Inspector Raj. This is what makes the interface of a common citizen with government a cumbersome and daunting affair. This is often the root cause of corruption as well. When I meet individuals or industrialists, it is this aspect of government which is crying out for change.

Such reform is of course time-consuming and requires sustained effort based on close interaction with all stakeholders. It is not amenable to instant solutions. We need to devise an institutionalised way of enabling such reform. We need to design ways in which we can re-engineer government processes - just as our private sector has re-engineered itself to become world class. I believe that the Cabinet Secretary has discussed this matter with Chief Secretaries

and a proposal is being prepared for appointing "Agents of Change" who would catalyse process reform initiatives. These "Agents of Change" would be public oriented personnel of outstanding calibre and would be strategically located to engineer reform. They would be free from departmental baggage and work on a full time basis within the system to deliver results. I am hopeful that once this mechanism of "Agents of Change" takes shape, we will be able to see visible results in a reasonably short period of time.

Even as governmental systems undergo change, greater challenges await us as a country in the development and harnessing of the world's largest human resource pool. It is estimated that about half of our population is less than 30 years old and that situation may prevail for another 35 to 40 years. This is indeed a point of significant importance for any nation. The potential of a "young nation" in a fiercely competitive world can be awesome. But the potential would remain a potential if the nation fails in realising its true worth.

This human resource challenge of the country is multifaceted and would require imaginative policy initiatives, thorough planning, and proper implementation. These governance and human resource challenges would demand transformational changes in the machinery of government as well as in the work-style and orientation of government officials. It would require unprecedented managerial capabilities across all levels of government. Our Civil Services have to play an enlightened role in bringing about this kind of transformational change. One would have to be intuitive about the present without being constrained by the existing systems. Familiarity should act as a facilitator for change rather than of being a hindrance.

I would think that in this sixtieth year of our Independence, our Civil Service should take on this challenge of improved governance and human resource development, aimed at transforming our country's economy and polity. I am happy to note that you would be discussing and debating some of these issues during the later half of the day.

The Civil Service is a professional service and forms the backbone of our governance structure. It must remain politically neutral and professionally competent. It must also aim to maintain the highest standards of personal integrity and probity. It must remain, as

I said earlier, faithful and loyal to the value system for nation building as enshrined in our Constitution and which is also part of the glorious legacy of our freedom struggle. I sincerely hope we can root out corruption in the civil service and raise the morale of our

officers so that they can give their very best to our country. Senior civil servants have a special responsibility to promote a culture of excellence, probity in public conduct and concern for social equity."

GETTING THE SPOTLIGHT BACK ON COMMODITIES

*In an effort to take commodities from a long period of virtual oblivion to the centre of poverty reduction strategies, a "Global Initiative on Commodities" is being taken that will bring together governments, NGOs and private sector representatives at a conference in Brasilia from 7 to 11 May. The initiative is spearheaded by the **Common Fund for Commodities (CFC)**, the **United Nations Conference on Trade and Development (UNCTAD)**, the **United Nations Development Programme (UNDP)** and the **African, Caribbean and Pacific Group of States (ACP Group)**. A press briefing was address in Geneva on 27 April, 2007, by Ambassador Ali Mchumo, Managing Director of CFC, Lakshmi Puri, Director of UNCTAD and David Luke of UNDP. Following are some of the highlights of the issues presented.*

Out of 144 developing countries 86 depend on commodities for more than half of their export earnings. Half of the total export income of 38 countries derives from a single commodity, while another 48 countries depend on only two commodities.

New opportunities - but also new challenges - opened up for developing countries with the rapidly increasing demand witnessed in recent years for oil, other minerals and agricultural products. This phenomenon stems in large part from the growing needs of the most dynamic developing economies, notably China, India and Brazil that have seen the emergence of a new geography of international trade. While this has helped pull some of the commodity-dependent countries in Africa and elsewhere out of economic stagnation, the gains are unequal and do not automatically translate into poverty reduction.

The challenge is both to sustain the momentum of growth and to improve the conditions facing commodities producers - particularly in agriculture.

Hosted by the Brazilian Ministry of Agriculture, Livestock and Food Supply, the Global Initiative on Commodities will discuss and identify measures and steps at national and international levels to help commodity-dependent countries reduce poverty and hunger by shedding new light on the problems

developing countries face, using commodities as a tool to reduce poverty. The conference will seek to identify a global strategy centered on raising the profile of commodities at key forums - whether UN, regional or other major events - as well as on seeking to maximize gains in commodity-dependent countries.

More than two billion people in the developing world, over a third of humanity, make their living from agricultural commodities. Trade volumes of products that LDCs (Least Developed Countries) and other commodity-dependent developing countries are able to export are booming: chicken (up 97.8% in 2003-05 compared to 1993-95), cocoa (+44.3%), coffee (+16.9%), tea (+54%), rice (+67.5%), corn/maize (+25.6%), sugar (+38.8%), cotton (+48.8%), natural rubber (+45.2%), bananas (+39.7%), fresh and chilled vegetables (+69.7%), and cut flowers (+72.9%).

The huge demand for raw materials has sharply raised the prices of such basic agricultural products as coffee, tea, cocoa, sugar and cotton in super-markets and elsewhere.

Profits from increased exports ought logically to help the 50 LDCs and other developing countries to lift themselves out of poverty, but somehow the profits too often end up elsewhere. Most of it accumulates at

the higher end of the market where the food and textiles are processed in appealing ways, attractively packaged, branded and advertised. The share paid to smallholder farmers who labor hard to produce these products has in many cases sharply fallen.

Farmers generally receive only 4 to 10 percent of the end prices paid for their products. For example, Robusta coffee producers in Cote d'Ivoire received 17.5% of each consumer dollar spent on their product in 1980-1988, but only 7.2% in 1999-2003. For coffee growers in Indonesia the decline was from 19.2% to 7%.

Farmers in developing countries do not have much say in this development. In fact they have to compete with farmers in industrialized nations who receive substantial subsidies from their governments and whose domestic markets are protected against imported commodities by high tariff walls.

In order to achieve higher economic growth and poverty reduction, several issues stand in the way of commodity-dependent countries. Supply-side issues, including inadequate infrastructure, low productivity, untapped economies of scale and lack of support services account for one type of barrier for farmers to reap the benefits of the current high commodity prices.

Another factor limiting the poverty reduction effects of the flourishing commodities market is the steady decrease in agricultural finance over the past 20 years. This leaves the potential of these markets in developing countries largely untapped. Access to efficient and innovative financing is essential to achieve such potential.

During the conference, sessions will examine the current commodity situation and outlook, address supply-side and value-chain issues, and debate financing methods for commodity development and diversification.

The stalemate of the Doha Round of World Trade Organization negotiations demonstrates the importance of revitalizing interest in commodities. Developing nations have called for the elimination of market distorting subsidies and the reduction of stringent market access conditions, which undermine the competitiveness of developing country producers of commodities such as cotton, maize and sugar.

The lack of serious discussion and debate about commodities in the 1980s and 1990s led President Jacques Chirac of France to speak of a "conspiracy of silence," especially on the necessary actions to be undertaken. This was in sharp contrast to the prominent attention given in the 1960s and 1970s to commodity issues by universities, governments and international organizations. Commodities ranked high on the development agenda in those years.

However, there have been signs of a revival of interest in commodities in the last few years. For instance, in 2004 the European Commission launched an Action Plan on Commodities which focused on the commodity dependence of ACP countries. Bringing the issue to the table, however, is not enough. Debate and policy changes must also incorporate a mechanism for reducing poverty.

Some newly industrialized countries that have become the most dynamic importers as well as exporters of commodities need to be more fully integrated into core poverty reduction strategies and initiatives at national and global levels.

Indeed, from a human development point of view, especially with regard to achievement of the Millennium Development Goals, it is clear that if poverty - largely linked to subsistence production and commodity dependency - is to be tackled effectively, commodity-related issues deserve to be put high on the international agenda.

Now is the time to act on commodities while the situation is favorable and we are reaching the mid-point to the Millennium Development Goals deadline of 2015 by which poverty should be halved according to the commitment made at the UN in 2000 by virtually all governments. That is what makes the event in Brazil so important.

The meeting objectives are clear:

First, raise the profile, awareness and understanding of commodity issues by influencing the global community, including governments, international organizations, civil society, ordinary citizens and the private sector. Along with both exporting and importing countries, each of these groups will attend the conference. Governments will be represented by ministers or high officials.

Second, re-launch the commodities agenda from a poverty reduction and development perspective, taking into account technological changes and recent developments in commodity markets, including the changing geography of international trade.

Third, identify a global strategy for commodities and a coherent approach to capacity building.

The common problems of all commodities (with the exception of oil) will be covered, namely agriculture, extractive industries, fisheries and forestry.

During the five-day conference, the Brazilian Agricultural Research Corporation (EMBRAPA) will organize side events, which will include showcasing the Brazilian experience of commodity sector development.

While the conference is not a decision-making forum, it is expected to generate strong momentum that will put commodities back where they

belong, i.e., high up on the global poverty reduction and development agenda. Clearly, the stakes are high. If developing country farmers continue to be disadvantaged and exploited, a different dynamic may emerge. As some of them have warned, "if you don't take our exports, we may export ourselves to your countries."

Cotton & the WTO

Cotton is a critical export for developing countries, particularly for nations in West and Central Africa where it is estimated to account for between 5% and 9% of GDP, and between 35% and 40% of export revenues.

The cotton sector employs some 20 million in Africa, and is the largest sectoral source of livelihoods in Burkina Faso, Chad, Mali, and Togo. In fact, economic dependency on cotton as the only cash crop for most families means that these numbers are probably an understatement. In Mali for example, 13 million are estimated to be economically dependent on cotton.

African cotton is produced without subsidies while other cotton producers around the world are subsidized -- in 2001, such aid amounted to about US\$5 billion. It has been argued that cotton subsidies distort the world market by stimulating subsidized farmers to produce more, thus increasing their market share and pushing down world cotton prices.

Simulation exercises have shown that if full liberalization in the cotton sector takes place (that is, removal of all distortions, including domestic supports), there will be higher prices for African cotton producers and greater export volumes. For example, an IMF study estimates that world cotton prices would increase by about 6% if trade distortions were removed, and that Africa's cotton exports would increase by about 13%.

Following a complaint about US cotton subsidies submitted by Brazil in 2003, a WTO panel found that US export subsidies and domestic support measures caused "serious prejudice" to Brazilian interests by unfairly depressing world cotton prices. The panel recommended that the United States take appropriate steps to halt

these adverse effects or withdraw the subsidies.

West and Central African countries did not participate as complainants in that dispute. However, they did open a second front in the WTO through the "Sectoral Initiative in Favour of Cotton", launched in May 2003 by Benin, Burkina Faso, Chad, and Mali prior to the WTO's Cancun Ministerial session.

The initiative called for cotton subsidies to be eliminated and for compensation to be paid to cotton producers in Least Developed Countries (LDCs) as long as subsidies remain in place. After the Ministerial's collapse, the WTO's "July Package" of 2004 -- a framework intended to put the negotiations back on track - agreed to treat cotton "ambitiously, expeditiously and specifically" and to consider both the trade and development aspects of the world cotton market.

A three-point agreement was reached at the WTO's Hong Kong Ministerial session in 2005:

- to eliminate all forms of developed country cotton export subsidies by 2006;
- to extend duty-free and quota-free developed country market access for cotton exports from LDCs from the beginning of the implementation period of a WTO Doha agreement, once it is achieved;
- and for more ambitious and quicker reductions of domestic supports on cotton than in the general formula for other products.

Since the vast majority of trade distortions stem from domestic support, this advance was heavily qualified, leaving progress on cotton largely dependent on overall progress in the Doha Round of trade negotiations.

With regard to the development aspects of cotton, bilateral donors and development partners made an estimated 184 separate commitments to provide financial and technical assistance in the sector. While this has been welcome, African cotton pro-

ducers are anxious not to have the assistance distract from the need to make progress in trade aspects of the cotton business. There is also a large gap between donor commitments and actual disbursements.

Cashew Nuts: South-South Trade & the Processing Dilemma

Rapidly climbing trade between developing countries in recent years higher profits are often termed a positive trend that will lead to poverty reduction and economic growth. . . but it is sometimes worth looking behind the numbers to see where the relative benefits fall.

Cashew nuts may either be termed a happy tale of increasing South-South trade -- as it is called -- or as a cautionary lesson about the frequent inability of African countries to diversify their economies so that raw materials can be processed into more finished products, which is often where made. (see figure 1)

Cashew production, while small in quantity -- an average of 2.2 million tons per year worldwide, as compared with 67.8 million for bananas -- features great differences in value added. The shell of the nut contains a highly caustic resin that is used, among other things, for aeronautical materials. The resin makes shell removal an exacting and sensitive process.

African countries account for 36% of world production of raw cashew nuts, but because of the difficulty of the shell-removal operation, export 75% of the nuts in raw form, mostly to India. The value of such nuts as imported to India is about US\$900 per ton. But the export value after processing averages \$5,300 per ton. African countries that do not carry out processing hence miss the chance to reach highly profitable economic sectors such as the aeronautics market.

Mozambique used to be the leading producing and exporting country with more than a third of the world market between 1961 and the middle of the 1970s. In 1975, the government decided to wholly ban unshelled cashew nut exports to stimulate local processing.

At the end of the 1980s and in the beginning of the 1990s, on the advice of the World Bank and despite the hostility of newly privatized companies, Mozambican authorities decided to eliminate obstacles to exports of unprocessed cashew nuts. Contrary to what was expected, this policy mainly benefited traders and intermediaries rather than small farmers.

Moreover, the domestic processing facilities were unable to compete with overseas producers of shelled nuts and eventually closed, causing widespread unemployment.

Value Chain Issues

If producers such as farmers have not benefited adequately from the rising global demand for commodities, it is because most of the returns in this sector are skewed towards the latter stages of the value chain. There are several ways to shift more of the profits to the people who actually grow the crops. They include improving market entry, improving the functioning of domestic and regional markets, and enabling producers to carry out more of the "value-added" steps themselves.

A "value chain" has been defined as "the full range of interrelated productive activities performed by firms in different geographical locations to bring out a product or a service from conception to complete production and delivery to final consumers".

With globalisation and the tendency towards product differentiation, value chains have become increasingly internationalised, and the share of overall returns has been shifting more and more towards the latter part of the chain -- towards those business activities which underscore differentiation, such as design and marketing.

Transnational corporations meanwhile are growing in size and influence in the sector, leading to significant concentrations of power. The result is value chain dominance by certain types of commodity buyers, including large plantation owners, mining conglomerates, international trading houses and multinational supermarket groups.

Conversely, activities early in the value chain -- including the production or extraction of commoditised raw materials -- have declined in relative importance. Their share of value in the final product has diminished and the bargaining power of those who carry them out has been reduced.

African nations and Least Developed Countries in other parts of the world have suffered disproportionately from these trends. Such countries often depend on the production or extraction of commodities for a sizable share of their GDPs -- and for their export earnings. Wide-scale economic liberalisation and the substantial withdrawal of governments from marketing and support functions have further weakened the position of farmers and other commodity producers in these countries.

However, if the current state of affairs appears discouraging, the advantage of a value chain perspective is that it identifies ways to improve the situation. Three separate but related strategies are considered promising:

i. Market Entry

Along with the formal barriers to trade that often affect agricultural products, commodity producers and processors face problems selling their goods overseas if they do not integrate into the established chains of leading firms. Such integration is not easy.

The market requirements of large commodity purchasers have proliferated in recent years, and span a wide range of quality standards, traceability requirements and delivery conditions. This trend has been reinforced by the growing popularity of sustainability labels that seek to certify fair-trade conditions and organic production methods.

Yet recent studies carried out from a value chain perspective assert that "small enterprises can grow and become competitive economic ventures when they have clear and well-developed strategies to target and access quality market opportunities for selling their outputs".

Access to markets can be eased by making standard-setting procedures more responsive to developing country concerns and by improving the capacity of producers to comply with standards.

This can be done through targeted investments and technical capacity building programmes that may be initiated by governments, the private sector, or the international community, often through public-private partnerships. For example, in direct response to the private "EurepGAP" standards developed by European retailers, the Kenyan Government together with civil society and the private sector have developed KenyaGAP, which is designed to adapt the EurepGAP quality assurance system to Kenyan capacities.

ii. Enhancing domestic and regional markets

Improving the functioning of domestic and regional markets is another way to build competitiveness and broaden the benefits of commodity-based growth.

First, these markets can act as an effective intermediate step for developing country producers and processors in scaling up their business operations. Reaching these markets allows them to expand the volume and breadth of their production without also imposing the daunting standards and conditions that large, developed-market purchasers typically require.

Second, building local networks and clusters among farmers and other commodity producers and processors in developing countries can be a means of building their capacity to link into global value chains and enhancing their resilience to shocks that could otherwise disrupt their capacity to supply their products. Clustering enterprises increases the scale of overall production and enables combined learning and sharing of resources within the cluster.

The role of government should be to help with this building of networks and clusters, and to focus on creating an environment within which domes-

tic and regional markets can develop. Governments may also wish to provide incentives for market formation, whether through the provision of grants and low-interest loans or through favorable treatment on taxes and export duties for certain transactions.

iii. Moving up the value chain

With returns increasingly concentrated in the latter stages of the commodity chain, it becomes imperative for those in developing countries to take on more of the value-added activities that yield higher rewards.

How much opportunity there is to do so depends on a number of contributing factors. These include the degree of vertical integration in the sector, the way the value chain is governed, the support of government, the extent of access to overseas markets, and the availability of finance. In particular, where the lead firm in a value chain requires a complex array of product standards and conditions, it is often in that firm's interests to transfer technology and know-how to suppliers. However, once suppliers participate in such an arrangement, they must be wary of the extent to which they become dependent on it -- the high costs of exiting the system can weaken their bargaining power, especially if the lead firm retains control of technology and expertise through strict licensing agreements.

Alternatively, farmers and other commodity producers may seek to access value chain financing structured around their established position within a robust value chain. This can allow greater flows of more affordable finance to fund upgrading of their activities.

Governments also have a role to play. Providing market information, training, new technology, better infrastructure and funding for research and development are public activities that can help those in the commodity sector lift themselves up the value chain. These public goods can be focused on improving the ability of domestic firms to carry out design, marketing, and core technical production and processing.

HARNESSING SYNERGIES OF EUROPE AND INDIA

Addressing the European Parliament on the occasion of the Golden Jubilee year of the European Union, the President of India, Dr. A.P.J. Abdul Kalam proposed the start of three important Indo-European missions which can contribute to global peace and prosperity. These related to the 'Evolution of enlightened society'; a three dimensional approach for energy choice towards realizing clean planet earth; and a World Knowledge Platform for providing solutions to critical issues like water, healthcare and capacity building. Following is the text of the President's address to the European Parliament at Strasbourg on 25 April, 2007.

Dynamics of Unity of Nations – “Confluence of civilizations is definitely possible”

“I am delighted to be with the Honourable Members of European Parliament on the occasion of the Golden Jubilee year of the European Union. When I am with you friends, I was thinking, what thoughts I can share with you. India as a democratic nation has the experience of providing leadership to over one billion people with multi-language, multi-culture and multi-religious systems. I wish to share this experience with you.

European Union for peace and prosperity

European civilization has a unique place in human history. Its people were valiantly engaged in the adventure of exploring the planet earth resulting in the discovery of many ideas and systems. Europe has seen the birth of pioneers in science leading to technologies. Europe was the theatre of conflicts for hundreds of years among and between the nations including the two world wars. Now with this backdrop and dynamics, you have established European Union with a vision for peace and prosperity for the entire region. European Union has become an example for connectivity among nations, probably with no possibility of war, leading to lasting regional peace.

Inter-connectedness

Before I started out on my journey to Europe, I was thinking, why are Europe and India unique and natural partners? Do we share a common history and heritage, possibly in future, a common destiny? What I found was astonishing: the depth and vitality of our inter-connectedness, by language, by culture, by ancient beliefs, ideologies and the movement of people have stood the

test of time. This has matured into a very strong bond through a sustained trade and intellectually satisfying collaboration in many areas of science and technology.

Unity in Diversity

India is a country which has over the years learnt to evolve and maintain a unique unity amongst diversity. Similarly, the greatest contribution of European Union is that, you have demonstrated to the world, that it is possible to build a strong union of nations without compromising national identities. It has become an inspirational model and an example to emulate for every region in the world.

The European Union and India support a social form of economic development and encourage a model of growth with equity. Both are conscious of the need for growth to respect the environment and make it sustainable for future generations. With this valuable experience of centuries behind India and European Union, we can bring together a doctrine of global cooperation built over the foundation of regional collaborations and core competencies of nations.

With this background, I have brought from India, a message, a message to start three important Indo-European missions which can contribute to global peace and prosperity. These missions, I am putting forth based on India's experience and the dynamics of European Union.

1. Evolution of enlightened society - for evolving a citizen with value system and leading to prosperous and peaceful world.

2. Leading to Energy Independence - A three dimensional approach for energy choice towards realizing clean planet earth.

3. World Knowledge Platform - for synergizing the core competence of European Union and India in certain areas for providing solutions to critical issues like water, healthcare and capacity building.

Towards a cohesive society

When nations join together to build a cohesive society, it is necessary to ensure that benefits of development encompass all sections of the society. World over, poverty, illiteracy, unemployment and deprivation are driving forward the forces of anger and violence. These forces link themselves to some earlier real or perceived historical enmities, tyrannies injustice, inequities, ethnic issues and religious fundamentalism flowing into an outburst of extremism worldwide. Both India and European Union have witnessed and are witnessing the unsavory acts of certain misguided sections of society. We have to jointly address ourselves to the root causes of such phenomena for finding lasting solutions for promoting peace.

Righteousness is the beginning

What we need is a carrier of eternal goodness and wholesomeness in human conduct, which is 'Righteousness'.

As we say in India:

Righteousness

Where there is righteousness in the heart

There is beauty in the character.
 When there is beauty in the character,
 There is harmony in the home.
 When there is harmony in the home.
 There is an order in the nation.
 When there is order in the nation,
 There is peace in the world.
 This is true, for the whole world. When we need peace in the world, we need order in the nation; we need harmony in the home, whether in Europe or in India or in any part of the world, the origin is righteousness in the heart. How do we evolve righteousness, in the hearts of every citizen of the world?

I. Evolution of Enlightened Society

With this spirit of righteousness in the heart, dear Honorable Members, I would like to put forth to this important gathering, a methodology for evolving a happy, prosperous and peaceful society in our planet, which I call as "Evolution of Enlightened society". I have shared these thoughts with many intellectuals in national and international spheres. How do we create such an enlightened society, which will have three components (a) Education with value system (b) Religion transforming into spirituality and (c) Economic development for societal transformation. Let us discuss.

a. Education with value system:

We have seen that the seeds of peace in the world have their origin in the righteousness in the heart of every individual. Such righteous citizens lead to the evolution of enlightened society. Education with value system has to be so designed that the righteousness in the heart is developed in young minds. That should be the mission of education. The prime learning environment is five to seventeen years of age. This reminds me of an ancient Greek teacher's saying, "Give me a child for seven years; afterwards, let God or devil take the child. They cannot change the child". This indicates the power of great teachers and what they can inculcate in the young minds. Parents and teachers must inculcate moral leadership amongst children. It requires the ability to have insights into the uniqueness and universality of human consciousness. True educa-

tion is the acquisition of enlightened feelings and enlightened powers to understand daily events and to understand the permanent truth linking man, to his environment, human and planetary.

While I was in college, I remember the lectures given by the highest authority of a Jesuit institution Rev Father Rector Kalathil of St. Joshep's college, Tiruchirappalli, Southern India. Every week on Monday, he will take a class for an hour. He used to talk about good human beings present and past and what makes a good human being. In this class he used to give lectures on personalities such as Buddha, Confucius, St. Augustine, Califa Omar, Mahatma Gandhi, Einstein, Abraham Lincoln and moral stories linked to our civilizational heritage. In the moral science class, Father Kalathil used to highlight the best aspect of, how the great personalities have been evolved as good human beings through parental care, teaching and companionship of great books. Even though these lessons were given to me in 1950's during my college days, they inspire me even today. It is essential that in the schools and colleges, lectures are given by great teachers of the institution once in a week for one hour on civilizational heritage and derived value system. This may be called as Moral Science Class that will elevate the young minds to love the country, to love the other human beings and elevate them to higher planes. I have suggested this methodology to educationists in my country. European Union may like to consider evolving a system that would enable a student to imbibe these fundamental traits for the benefit of all.

Now, let me take up the area that is transforming religion into spiritual force. Many in the world believe, it is a difficult mission. I would like to share an experience that I have witnessed which has convinced me that it is possible.

b. Religion Transforming into Spirituality: Universal Mind

Religion has two components, theology and spirituality. Even though theology is unique to every religion, the spiritual component spreads the

value to be inculcated by human beings for promoting a good human life and welfare of the society, while pursuing the material life. I would like to share an experience how the religion and science came together in a big mission.

It was during early 1960's, the founder of Indian Space Research Programme Prof. Vikram Sarabhai with his team, had located a place technically most suited for space research after considering many alternatives. The place called Thumba in Kerala, was selected for space research as it was near the magnetic equator, ideally suited for ionospheric and electrojet research in upper atmosphere. I was fortunate to work with Prof Vikram Sarabhai for about eight years.

The major challenge for Prof Vikram Sarabhai was to get the place in a specific area. As was normal, Prof. Vikram Sarabhai approached the Kerala Government administrators first. After seeing the profile of the land and the sea coast, the view expressed was that, thousands of fishing folks lived there, the place had an ancient St Mary Magdalene Church, Bishop's House and a school. Hence it would be very difficult to give this land and they were willing to provide land in an alternative area. Similarly the political system also opined that it would be a difficult situation due to the existence of important institutions and the concern for people who were to be relocated. However there was a suggestion to approach the only person who could advise and help. That was the Bishop "Rev Father Peter Bernard Pereira". Prof Vikram Sarabhai, approached the Bishop on a Saturday evening, I still remember. The meeting between the two turned out to be historical. Many of us witnessed the event. Rev Father exclaimed, "Oh Vikram, you are asking my children's abode, my abode and God's abode. How is it possible?" Both had a unique quality that they could smile even in difficult situations. Rev Father Peter Bernard Pereira asked Prof. Vikram Sarabhai to come to church on Sunday morning at 9.00 AM. Prof. Vikram Sarabhai went to the church again on Sunday with his team. At that time the prayer was progressing with the recitation of Bible by Father Pereira. After the

prayer was over, the Bishop invited Prof. Vikram Sarabhai to come to the dais. The Rev Father introduced Prof Vikram Sarabhai to the mass, "Dear children, here is a scientist, Prof. Vikram Sarabhai. What do sciences do? All of us experience, including this church, the light from electricity. I am able to talk to you through the mike which is made possible by technology. The treatment to patients by doctors comes from medical sciences. Science through technology enhances the comfort and quality of human life. What do, I do, as a preacher? I pray for you, for your well being, for your peace. In short, what Vikram is doing and what I am doing, are the same - both science and spirituality seek the Almighty's blessings for human prosperity in body and mind. Dear Children, Prof Vikram says, he would build within a year, near the sea-coast, alternative facilities to what we are having. Now dear children, can we give our abode, can we give my abode, can we give the God's abode for a great scientific mission?" There was a total silence, a pin drop silence. Then all of them got up and said 'Amen' which made the whole church reverberate.

That was the church where we had our design centre, where we started rocket assembly and the Bishop's house was our scientists' working place. Later the Thumba Equatorial Rocket Launching Station (TERLS) led to the establishment of Vikram Sarabhai Space Centre (VSSC) and the space activities transformed into multiple space centers throughout the country. Now this church has become an important centre of learning, where thousands of people learn about the dynamic history of the space programme of India and the great minds of a scientist and spiritual leader. Of course, the Thumba citizens got the well equipped facilities, worshipping place and educational centre in an alternate place at the right time.

When I think of this event, I can see how enlightened spiritual and scientific leaders can converge towards giving reverence to the human life. Of course the birth of TERLS and then VSSC gave the country the capability for launch vehicles, spacecraft and space applications that have accelerated social and economic development in India to unprecedented levels.

Today, among us, Prof Vikram Sarabhai is not there, Rev Peter Bernard Pereira is not there, but those who are responsible for creation and making flowers blossom will themselves be a different kind of flower as described in the Bhagwat Gita: "See the flower, how generously it distributes perfume and honey. It gives to all, gives freely of its love. When its work is done, it falls away quietly. Try to be like the flower, unassuming despite all its qualities." What a beautiful message, to the humanity on the purpose of life reflected the spiritual component. Can we bridge the spiritual component of the religions to bring peace to nations and to the world?

I would like to recall one incident which commonly occurs in many parts of my country. I have witnessed this event when I was a young boy (10 yrs). In our house, periodically I used to see three different unique personalities meet. Pakshi Lakshmana Shastri, who was the head priest of the famous Rameshwaram temple and a vedic scholar, Rev Father Bodal, who built the first church in Rameshwaram Island and my father who was an Imam in the mosque. All three of them used to sit and discuss the islands problems and find solutions. In addition they built several religious connectivities with compassion. These connectivities quietly spread to others in the island like the fragrance from the flowers. This sight always comes to my mind whenever, I discuss with people on Dialogue of religions. India has had this advantage of integration of minds for thousands of years. Throughout the world, the need to have a frank dialogue among cultures, religions and civilizations has been felt now more than ever.

These two instances, what I have narrated give me confidence that religions definitely can be bridged through spiritual components. Whenever I meet the young and experienced in my country. I have narrated these two experiences. Many in my country and world over may have such experiences. We have to spread such "Glad Tidings" to every part of the world.

Now let us discuss the third important component of enlightened society which is to achieve economic

development for societal transformation. Let me take my country India as an example, it may be true to many parts of the world.

c. Economic development for societal transformation.

Indian Economy is in an ascent phase. There is considerable growth in the manufacturing and service sectors. We have a mission of spreading this economic growth throughout the country including the rural sector. Nearly 220 million people have to be lifted by upgrading their quality of life in both rural and urban areas. Even though the GDP growth indicates our economic growth, people's participation is essential for achieving the required targets. It is essential to ensure that the citizens are empowered with good quality of life encompassing nutritious food, good habitat, clean environment, affordable healthcare, quality education and productive employment, integrated with our value system drawn from civilizational heritage leading to the comprehensive development of the nation that will bring smiles in one billion people. These are indicators for the growth of the National Prosperity Index. To achieve that growth rate, we have identified five areas where India has a core competence for integrated action: (1) Agriculture and food processing (2) Education and Healthcare (3) Information and Communication Technology (4) Infrastructure development such as power, transportation, communication and including Providing Urban Amenities in Rural Areas (PURA) and (5) Self reliance in critical technologies. We propose to realize the vision of transforming India into a developed nation before 2020 by energizing and igniting the minds of all the 540 million youth of the nation.

So far we have discussed the three dimensional approach of providing value based education, religion transforming into spiritual force and economic development for societal transformation leading to the evolution of an enlightened society. This integrated three dimensional methodology of evolution of enlightened society, will pave the way for peaceful, prosperous, happy nations and thereby a world, free from extremisms and further seeds of extremism. In my website www.presidentofindia.nic.in, I

have given how an empowered world body is essential to evolve the nations of enlightened citizens. I will be very happy to exchange thoughts and ideas and action related to this mission with the Honorable members of European Parliament.

Let me now discuss the second mission "Leading to Energy Independence."

II. Leading to Energy Independence

When we analyze the critical problems facing the planet earth today, two important issues come to our minds. First one is the continuous depletion of fossil-material-derived, oil, gas and coal reserves as predicted by World Energy Forum. The second one is the continuous degradation of environment primarily due to extensive use of fossil materials for generating energy. The solution to these problems can be found through energy independence, which I have presented to my country. It may be applicable to many nations.

Energy Independence in India - A

Perspective: India has 17% of the world's population, but only about 0.8% of the world's known oil and natural gas resources. Based on the progress visualized for the nation during the next two decades, the power generating capacity has to increase to 400,000 MW by the year 2030 from the current 130,000 MW in India. This takes into consideration of energy economies planned and the design and production of energy efficient equipments and systems. Energy independence has got to be achieved through three different sources namely renewable energy (solar, wind and hydro power), electrical power from nuclear energy and bio-fuel for the transportation sector. Energy independence throws very important technological challenges to the world: The solar cell efficiency has to increase from the present 20% to 55% through intensified research on CNT (Carbon Nano Tube) based solar cells. For thorium reactors, as it is known, thorium is a non-fissile material. It has to be converted into a fissile material using Fast Breeder Technology. In the Bio-fuel area, the challenge is bio-fuel plantation for higher yield, esterification technolo-

gies for the higher output and the modification to automobile power plants. These three research areas definitely need intensive cooperation between European Union and India. I would suggest setting up of an "Indo-EU Renewable Energy Development programme" for taking up advanced R&D in all forms of renewable energy leading to the availability of commercial class large scale power plants within the next decade.

Let us now discuss the third mission, called "World Knowledge Platform."

III. World Knowledge Platform

With the Indian experiences of two successful international cooperative ventures from concept to realization and marketing, I would suggest evolution of "World Knowledge Platform" for bringing together the core competence of multiple nations of EU and India in science and technology leading to the development of unique systems for Global applications.

'World Knowledge platform' will enable joint design, development, cost effective production and marketing of the knowledge products, systems and services in various domains based on the core competence of partner nations to international market. World knowledge platform is a meeting place for science, technology, industry, management and marketing.

Missions of World Knowledge

Platform: The convergence of Bio, Nano and IT is expected to touch every area of concern to the humanity. The "World Knowledge Platform" will take up the missions, in some of the areas discussed further, which are of utmost urgency to all of us to make our world a safe, sustainable, peaceful and prosperous place to live:

- 1. Water:** Desalination of sea water using solar energy, channelization, networking of rivers, cost effective safe drinking water.
- 2. Healthcare:** Diagnosis, drug delivery system, development and production of vaccines for HIV/TB, malaria and cardiac diseases, detection and cure of diabetics.

3. Agriculture and Food processing: Increased production of food grain in an environment of reduced land, reduced water and reduced manpower; preservation of food; food processing; cost effective storage and distribution.

4. Knowledge products: Hardware, Software and Networking and Storage Products including handheld micro and nano electronic devices.

5. Transportation systems: Fossil fuel free transportation systems using renewable energies safety systems, hardware and embedded software integration.

6. Habitat: Energy efficient, water efficient, pollution free habitat.

7. Disaster Prediction and Management: Earth quake forecasting, assessing in advance the quantum of rain for particular cloud condition.

8. Capacity Building: Quality human resource development for all the above areas including the development of personnel with world class skills.

European Union represents a wealth of scientific potential with rich culture for research. India has emerged as a leading country with its demonstrated scientific and technological potential in many societal missions and is now in the growth path. Combined strengths of the nations can be utilized for the mutual advantage of both India and EU by joining together as partners in creating the world knowledge platform.

Conclusion

Honorable Members of European Parliament, as we have seen, there is a visible common thread of our dreams and problems. When I am with you, I have a feeling; that there are beautiful solutions from beautiful minds. Beautiful minds generate creativity. This is the common heritage of both India and Europe. Dear Honourable Members of European Union, I have presented three missions: (a) Evolution of enlightened society, (b)

Leading to Energy Independence (c) Creating World Knowledge Platform. These Indo-EU missions will definitely reinforce further our strategic partnership and become the foundation for making the change in the life of 1.5 billion people, ultimately leading to confluence of civilizations.

For meeting the challenges of these missions, we can draw the inspiration from the saying of Maharishi Patanjali, about 2,500 years ago 'When you are inspired by some great purpose, some extraordinary project, all your thoughts break their bounds. Your mind transcends limitations, your consciousness expands in every direction, and you find yourself in a new, great and wonderful world. Dormant forces, faculties and talents come alive, and you discover yourself to be a greater person by far than you ever dreamt yourself to be.'

I would like to share with you a poem - "A Message from Mother Earth"

A Message from Mother Earth

1. Beautiful Environment leads
To beautiful minds
Beautiful minds generate,
Freshness and creativity
2. Created explorers of land and sea
Created minds that innovate
Created great scientific minds
Created everywhere, why?
3. Gave birth to many discoveries
Discovered a continent and unknown lands
Ventured into unexplored paths
Created new highways
4. In the minds of the best
Worst was also born
Generated seeds of battle and hatred
Hundreds of years of wars and blood;
5. Millions of my wonderful children
Lost in the land and sea
Tears flooded many nations
Many engulfed in ocean of sadness

6. Then, then came, the vision of European Union,
Took the oath,
"Never to turn human knowledge,
Against ourselves or others".

7. United in their thinking,
Actions emanated,
To make Europe prosperous and peaceful,
Born, the European Union.

8. That "Glad Tidings", captivated,
The people of the planet of my galaxy.
OH! European Union, let your missions,
Spread everywhere, like the air we breathe.
(APJ Abdul Kalam 24 Apr 2007)

Dear friends, Let me convey my greetings of one billion people of my country to all the Hon'ble Members of European Union and through you to all the citizens of European Union countries. May God bless you."

PRESIDENT CHÁVEZ: AN INSIGHT

The rise of Hugo Chávez Frías as the President of Venezuela and the change he is able to herald in the region using his country's oil wealth is a remarkable story by itself. But for many, particularly those nostalgic of the pre-Chávez period, there are so many questions and doubts out there. A lot of these uncertainties have been clarified in the following interview by the journalist José Vicente Rangel of President Chavez. The following transcript of the interview appeared in Venezuelanalysis.com on 13 March, 2007. The interview appeared on the TV programme 'José Vicente hoy' on 4 March, 2007. The translation was done by Dawn Gable.

Journalist José Vicente Rangel: Friends, compatriots, everyone once again with you all in this program "José Vicente Hoy (Today)" on TeleVén. I return to journalism, return to investigative work, to analysis, to the execution of honest, responsible, precise, and above all truthful journalism. To service to what? In service to social change, in service to what today is Venezuela, and also service to the eternal values of liberty and democracy. I hope that this program will again be a place for dialogue, for understanding among Venezuelans, for polemic, for dignified polemic, to highlight the important political, economic, and social issues of the country.

Nothing demonstrates that more than to begin this program with the President of the Republic, Hugo Chávez Frías. Approximately 8 years and 3 months ago, or to be more exact, December 3, 1998, 48 hours before his electoral victory, I interviewed Hugo Chávez Frías. It is very important to replay fragments from that interview that reveal President Chavez' coherence of thought and that his actions conform to what he promised Venezuelans. It is a good analysis and therefore permits us to advance to my first interview on "José Vicente Hoy."

Video

José Vicente Rangel: You have had an extraordinarily rapid political career; in 6 years you have gained prestige and now culminating in this presidential campaign.

Candidate Hugo Chávez: José Vicente, I think, among other things, that of Ortega is becoming evident here, the "Man and His Circumstances." I definitely believe that we were not wrong when we decided to come out of our barracks with our dignity to propel that legitimate rebellion of February 4, 1992, because the Hugo Chávez of today is a product of all those cir-

cumstances, a product of a legitimate military rebellion - painful for sure, but legitimate. It was necessary.

José Vicente Rangel: Power for what? What will you do with power?

President Chávez: In the first place....

José Vicente Rangel: Power is squandered, corrupted, or ennobled. Surely you will tell me: I will ennoble it; but what real possibility in this setting, so dramatic, does Chávez have of carrying out real work from a place of power.

President Chávez: Yes, listen, in the first place the concept of power. You made the reflection: Chávez is a man of power, a man in search of power. Really, deep down, it's not like that. It's not that Chávez is seeking out power. I don't believe that power is like this glass of water that you drink, no. At some moment it appears, you drank it, no.

Power must be built up along the way. I have said it over the years, we are constructing a new power as we go along and today we can demonstrate it to the world openly. A power to construct, not to destroy. Because the question was how and for what to use power.

The political power that we will assume within 48 hours as the new government, the moral power that we have been building, the intellectual power of a project for the future of the country, all of this we will use, and not Hugo Chávez because its not about one man exercising power.

This power is dispersed among thousands and thousands of Venezuelan citizens. All of us together have to use this power to build a new political system.

José Vicente Rangel: Hugo Chávez comes from the ranks of the armed forces and within the anti-military concept of some sectors of Venezuelan society, all military men are potential dictators. Consequently Hugo Chávez, who was an officer, is a potential dictator. That is the synopsis they offer the country and the fact that you have had a brilliant and rapid career - in 6

years you are practically at the doors of power - some think this reinforces that suspicion. Is Hugo Chávez a potential dictator for Venezuela?

President Chávez: Those who say that all military people have a dictator, a tyrant inside, some of them might say it out of ignorance, but without a doubt those who have promoted this idea from the dirty-warfare laboratories are my adversaries. Perhaps they forget that there have been military men who have been examples of true democrats in governmental positions - and active officers, not only retired ones. One of them we mentioned just a few minutes ago General Isaías Medina Angarita, who in addition to being an officer trained in Gomez-ism, he came from Gomez-ism stock and nevertheless some historians say that he was the most democratic president of this century. General López Contreras also, to a lesser degree than Medina, but still those two made a duo for democracy. But let's go to the past century, there we find examples of military men who led true democracies or battles for democracy.

My great grand father General Pedro Pérez Delgado went off to the war against Gómez. He rose up against the tyrant. So it is this manichaeist view that tries to associate military with dictatorship and this is a lack of respect, [an insult] to intelligence and to my brothers at arms, the Venezuelan military, in particular to the new generations, without it being an insult to the old generations, the teachers that we had. But the soldiers of our generation were formed with a vision of humanism, of respect for human rights, for democracy.

And we are going to demonstrate it. We are demonstrating it, but we are going to demonstrate it in particular. God willing, President Hugo Chávez Frías will contribute to the construction of an authentic democracy. Dictatorship is not possible here in Venezuela...

José Vicente Rangel: Here we enter the terrain of the dilemmas that are used in publicity against you. The dilemma that you represent dictatorship and the others represent democracy, freedom of expression. That is to say that programs such as this would be cancelled and I would be left without a

job under your government. In addition there is the dilemma of private property that they defend and you intend to infringe upon. They say that you are going to take away their house, bicycle, refrigerator, all these things and even women.

President Chávez: [laughter] God and the Virgin Mary forbid.

José Vicente Rangel: Are you a man of dialogue?

President Chávez: I have always been and now I must be more than ever before. I was educated in a school of leadership. It's true that in that military academy a scientific and humanistic effort is made to shape leaders, and a true leader must be in contact with his people and in this case a real statesman, José Vicente, has to converse with the nation.

José Vicente Rangel: Finally, Hugo, what haven't you said over this long campaign that you would like to say at this moment, your last TV appearance - only 48 hours before the vote...

President Chávez: I have said many things over the years... I will never forget the day that I came here straight from prison and the first question you asked me was: Hugo where and when did this all begin? I told you that it started August 8, 1971 when I entered the military academy. There everything began for me.

Now I am arriving - and this I believe I have not said, hopefully it will satisfy your restlessness as an interviewer - I am aware, I have been thinking recently that I, Hugo Chávez, am entering the final phase of another period of my life. That is how I feel. Just like on the morning of February 3. I was aware that a stage of my life was coming to a close and I was entering another. Sure, on that occasion I was full of uncertainty. What would happen February 4? Nobody knew, including me.

Now I am finishing another period of my life. I give thanks to God and to the Venezuelans who have helped me so much in this period of my life. I have endured solitude; I have been vilified; I have been persecuted. But I have survived due to the love of the

people, the hope of the people, many thanks to the Venezuelan people. And this sentiment, which blossoms forth from my soul, I am going to demonstrate. Love is repaid with love. I am going to embark on a new period of my life, God willing, as President of Venezuela, to serve you all, to build up, along with you all, the dignity of a people, the rebirth of a people. Perhaps I haven't ever said that.

José Vicente Rangel: Thank you very much and lots of luck.

End of video

Journalist José Vicente Rangel: Good day President.

President Chávez: Good day José Vicente. Welcome to your home...first of all I want to say that I feel very happy that "José Vicente Hoy" has appeared. It survived 8 years of dictatorship. [laughter] I truly congratulate you... Greetings to Anita and all the crew at Televén. I will try to watch it every Sunday. I have always said that it was a reference for many years for us patriotic soldiers many years ago. We learned a lot from you all in the 80's.

José Vicente Rangel: Look, 8 years and three months after that interview, a long time, and for you, a man who likes quotes, I have Francis Bacon one for you: *Truth is the daughter of time*. What truth has 8 plus years of governing revealed to you? Where is truth found?

President Chávez: I will respond with a song: *The truth of Venezuela is not found in the Country Club, the truth is seen in the hills with their people and their stillness...* we have discovered many truths, I think that if time is the master of truth, you can compare me in this video that we just saw from December 3, 1998 and today, the truth is there, the truth has sprung up. Let me recall Chateaubriand, you gave me that great book "*Mémoires d'Outre-Tombe*" Chateaubriand said, speaking of frontiersmen, men who... I think we are frontiersmen, we are living on the frontiers of a time, a time that is coming to an end, an era winding up, and as Chateaubriand put it, with all the pain of childbirth the truth is revealed. Right? So I believe that the great truth of a new era has been

revealed. We have not been not wrong, José Vicente, to cite Gramsci as we have since the 80's. We were recalling the Caracazo [the February 1989 riots and subsequent repression] a couple days ago on Aló Presidente, as well as in the streets. We all remembered. It cannot be forgotten, that historic crisis that had no solution within the previous paradigm. That has been demonstrated, proven. Only the call for a constituent assembly could provide a peaceful way out of the trap of an old era that refused to give way. I think that is one of the most significant truths, an absolute truth.

José Vicente Rangel: Nevertheless there are aspects that cause concern. For example, you divide your work into various periods. When I asked you from where all this came, you told me that it began in 1971 when you entered the military academy, this period ending on February 4 [1992]. The next period lasted until the electoral victory of December 6, 1998. After that there is a period, the way I see it, that culminated on April 11, 2002, and then the following period culminated on December 6 of last year. What will be the new Chavez period?

President Chávez: The socialist period. And you with your vision and experience, your experience of having lived on the inside over these 8 years, right? You have classified these years into stages, which you just delineated correctly. I share your judgment. Now, I could add my own, very personal, criteria. Hugo Chávez has spent 14 years, always with a team, because individual action is not possible in politics, 14 years from 1977, ending when, in the mountains of the east, while in an anti-subversive battalion Hugo Chávez became a subversive. Five soldiers took an oath creating the Bolivarian Liberation Army. Then I decided to stay put and begin a dedicated internal revolutionary process. I read a lot of Ché Guevara, Plejanov, and José Vicente Rangel [laughter] and your speeches from when you were a candidate, and many others, like Américo Martín. What was the name of that book?

José Vicente Rangel: "*Los peces gordos*" (The Fat Fish).

President Chávez: I remember having read Diego Salazar "*Después del*

túnel" (After the Tunnel), I began to read Douglas Bravo and his writings about universal shock. In the end, I decided to go down that road, but it was 14 years, from 77 to 92, and from 92 to 2006, 14 more years, that encompasses all that you mentioned. But I would perhaps extend it a bit more in its prospects; this new era that is beginning - optimistically - 14 years more, 2007 to 2021...

José Vicente Rangel: Conclusion, Hugo Chávez is a subversive within the realm of power.

President Chávez: A subversive even here. I am a subversive in Miraflores; Venezuela has a subversive in the Presidential Palace.

Journalist José Vicente Rangel: Why?

President Chávez: Because I always think like a subversive.

José Vicente Rangel: They say that Chávez is more dangerous when he doesn't speak, when he withdraws than when he speaks.

President Chávez: I think that is true. When I am really busy in this daily dynamic, one can get carried away and dragged down by it, often by the bureaucracy, by government obligations. But, listen, in just a few weeks after the December elections...

José Vicente Rangel: While others were on vacation, you were working.

President Chávez: Vacations, hallacas, wine. I too ate a few hallacas, but hey, I dedicated my time to studying, reading, conversing. I consulted with you about some things, you remember, and well, we put together the 5 engines and we kicked off the New Year on the offensive. So those 5 engines are subversive engines.

José Vicente Rangel: They say that these 5 engines do not function without the super-engine of Chávez.

President Chávez: I refuse to believe that, but I try to play my role as the fuel. But look, those engines hit the street yesterday. We are at such a level of conscience and popular organization that we only had to set them in motion. I tell you José Vicente I thought it

was going to be much more difficult or laborious...to activate those engines, but no. "Moral y Luces" (Morality and Enlightenment) hit the streets "in cascade" —they invented that term while forming the brigades. Yesterday Vice-President Jorge [Rodríguez Pérez] was in Los Caobos when the explosion of Communal Power occurred, expressions of which emerged everywhere.

José Vicente Rangel: And this cascade, could it become a mudslide?

President Chávez: ...you are asking about a mudslide in the system, right?

José Vicente Rangel: It could cause some kind of chaos, no?

President Chávez: ...A general mudslide, chaos? Well, anything is possible in this world. But I believe that our process at this point has sufficient strength to resist an injection of energy such as that, because it is itself an injection of energy, which is why it occurred to me to call it an Explosion of Communal Power. I believe that we have matured; 5 or 8 years ago it would have been impossible to think of an explosion, of an aggressive expansion of communal power.

I have ample faith in what we are achieving, and what we will achieve as an essential part of the construction of a socialism that will not end in the Soviet mudslide, for example, or the Eastern European mudslide, but with the dream we all have of a world heading toward socialism.

I have ample faith in the popular strength and conscience, because it comes accompanied by Moral y Luces, which is an injection of conscience; it comes accompanied by constitutional reform, enabling laws. I think a new moral force is emerging, that was lacking before, in order to initiate these 14 years leading to 2021. It is a great, indispensable force.

José Vicente Rangel: It is obvious that certain people, not only government adversaries, people of good intention, feel that the country's freedom could be in jeopardy, due to the sacrifice of that concept for the development of a thorough social and political process.

President Chávez: Well, I believe that they have been saying this for nearly a decade now, rounding off. Eight years since we spoke, and you talked about that black and white Manichaeism that Chávez means dictatorship and the negation of freedom. Well, it means assured freedom... You lived it with me - the country lived it too, but we lived in a personal way - the drama of the coup, that terrorism, that if we, if you, if I, had authoritarian inclinations, that was the occasion. They handed it to us on a silver platter. You remember how many people told us that we had to send a tank battalion to Plaza Francia? I remember your expression - like they were cooking up something. Well, yes, they were cooking themselves. We did not fall in the trap. And we have had the opportunity 100 times, but we have never decreed a suspension of constitutional guarantees. Everything has been done in full freedom, even extreme freedom...

José Vicente Rangel: That's true Hugo, absolutely true, I believe that your government has withstood grave situations regarding stability and public order, and you have never declared an emergency, that's true. So then, why the doubt in some sectors? Why the concern. Why the anxiety? Is it possible the government cannot totally dispel this doubt?

President Chávez: I think the doubt must be looked at by sectors, because there are sectors that never budge from their position. Well, why? Because their own history expresses their doubts, which are not doubts in truth... They know full well that here this Palace they governed with authoritarianism behind a mask of democracy during that era of *puntofijismo* [the era between 1958 and 1998], persecutions, repression. I remember your program that we recorded in Yare; it couldn't be aired; and the one we recorded in the Military Hospital.

Now, there are sectors that doubt and continue doubting, due to the perverse and continuous media campaign, that is not only limited to the broadcasts of some television stations and the hundreds of radio stations that daily, from 4 in the morning to midnight, keep repeating "the tyranny, the dictatorship." They say: they are going to quit making cars,

and what we have done is facilitate the production of cars like never before in Venezuela; they are going to take away housing, and in reality we are making enormous efforts, last year we ran out of building materials. But I believe that those doubts will slowly fade, and we are called upon to make every effort to dispel them.

José Vicente Rangel: Conclusion: freedom will not perish in the hands of Hugo Chávez.

President Chávez: No, not in the least, I believe freedom has flourished.

José Vicente Rangel: But you have an acute sense of communication. You move like a fish in the waters of the media realm. Some people view this as a way to bury other opinions, to impose, from your place of power, a certain media slant.

President Chávez: No, to foment the Battle of Ideas, taking a phrase from Fidel Castro, the Battle of Ideas. Passionately I have joined the Battle of Ideas...

I am going to wrap up with this reflection on freedom. To clear this up. Authority, which a government must have, should not be confused with authoritarianism. It must have authority, the most important being moral authority. I take great care of my moral authority; it is the "jewel of the crown" so to speak. Authority from all angles; not authoritarianism.

Likewise, liberty is not the same as license. For what? The freedom the powerful want is to violate the weak. Jean-Jacques Rousseau illustrated it well: "*Between the weak and the strong, it is freedom that oppresses and the law that liberates*" That is, freedom lies within the framework of law.

José Vicente Rangel: In other countries, when they tried to implement important social changes, the closet was opened and all the specters were released—one of them was freedom, another was democracy, another ownership, you know that is one of the issues currently being raised, right? Chávez is going to do away with freedom, Chávez is going to do away with democracy, Chávez is going to do away with private ownership. Like you said, over the last 8 plus years those

values have been strengthened. But how can a more convincing response be given?

President Chávez: I think that one must be given, and we are obligated to give it...

José Vicente Rangel: Without being on the defensive.

President Chávez: No, without being on the defensive, of course. It is the right of the country to be given a clearer response, especially, José Vicente, when I just told you a few minutes ago that now comes the socialist Chávez, this could frighten some: Ah! This is the other Chávez. No, it is the same Chávez, it is the same project, it has only entered into a new phase.

Now, as some analysts have said, I believe in a very serious and just way, I did not arrive here with a how-to booklet under my arm, as they say, and I am calling on all the country to build socialism.

I was just joking with Camero. I recall when he once told me that he was not worried in the least about land issues because he has so many cows in Guárico. I said, that's great, if you have 100,000 hectares and you have 200,000 head of cattle, I applaud you. That's a big production unit. Now I invite you, I said to Camero, to form an alliance, and this is what we are planning.

Our model of socialism does not exclude private property. It recognizes it and even dignifies it, placing it on a pedestal, of what? Of caring, or of recognition of society, making you a respected proprietor, who doesn't trample others and who can coexist and accepts to coexist with a State, with a constitution, with laws, and with collective communitarian ownership by producer's associations, with collective ownership and social ownership. That is to say, a mixed system that tries to seek a social balance, economic balance and a political balance, and even beyond that, territorial balance, the harmonic development of the land...

I will end by saying all are invited that in this Venezuela-style socialism,

everyone, politicians, those who are not political, those of the left, those on the right, the atheists, Catholics, Christians—let's build it.

Now, I have said that it aims to modestly contribute to the quest for international equilibrium in order to escape this crazy, uni-polar world, where someone wants to be the leader of the world, to a world in balance, where there is freedom, respect of sovereignty, and therefore world peace.

José Vicente Rangel: This is no indulgent program; this is not a government program...

President Chávez: I am here with bat at the ready expecting a fastball...

José Vicente Rangel: I am going to ask you about the government's failures, the government's errors, the topic of corruption, which I know is something that constantly makes you shudder. Are you ready?

President Chávez: Ready.

José Vicente Rangel: What really disturbs you, worries you about the management of the government, anything?

President Chávez: I told you that I am permanently dissatisfied, right? And this dissatisfaction causes anguish sometimes, but one always tries to convert this into positive energy for new ideas, for new programs, for new beginnings, and to move forward. One thing: I mentioned little advancement in agriculture. It's an existential obligation and I have worked hard to transform the model of petroleum dependency. I mean, it cannot be that the day I leave here the Venezuelan economic model continues to be exclusively dependent on oil production, almost exclusively on oil production. But, well, these errors we have committed, and this dissatisfaction drives me in this new phase.

Another thing, the issue of corruption that you mentioned. I have always felt that regarding this issue we are on the offensive.

We do not allow ourselves to be cornered by the discourse of our adversaries who say that this is the most

corrupt government in history—which is completely false. However it is a deep-rooted problem, a deep-rooted social problem, it is the degeneration of 100 years of corruption, to turn a García Márquez phrase. We have achieved some fleeting victories, but few advances; it is a social challenge, a national challenge.

José Vicente Rangel: Why no emergency? With all the heated debate regarding the Enabling Law, the constitutional reform, to go to the roots as you like to say, if there is a Consumer Defense Law that is aggressive, bold, almost draconian, why not do the same with corruption?

President Chávez: Yes, I have been thinking about this in the context of the constitutional reform, the Enabling Law, how to draw swords, truly sharp swords, see, and fight against the monster that manifests itself in a thousand ways: but it is a fleeting reflection. Nevertheless, I tell you José Vicente, I am personally leading an infinite number of tasks. But I have decided to apply myself more to the issue of corruption, in a personal and direct way... But it is a daunting task...

José Vicente Rangel: There are people here who accuse you of being against dialogue, the most anti-dialogue character in the country.

President Chávez: The country knows, well a good part of the country knows, that we exercise power, a new power, not a personal power, not a power from above, but power with humility, with much humility; and every day I want to be more humble.

The deal is that there was a custom, or a mode of dialogue here, the dialogue of the elites, and I will never allow myself to be locked into that dialogue. No, I promote and I constantly participate in - and every day I want to do so more - the national dialogue, the dialogue of the nation, the dialogue with the country, the dialogue with everyone and among everyone.

José Vicente Rangel: And this doesn't leave out certain interlocutors, with whom it is worth conversing?

President Chávez: No we have no intention of leaving anyone out...

Fedecámaras came in through those doors. How many times did I receive Fedecámaras? And they came to make presentations, one hour and several hours listening to them, discussing there at the table, as you know, at the large table, or at the smaller table, and someone taking notes...

José Vicente Rangel: Yes, I remember that April 28, that is 7 days after the coup, you designated a dialogue commission, you named me coordinator, all these sectors met, and made a mockery of it.

President Chávez: They made a mockery of it.

José Vicente Rangel: They went out and prepared the oil coup.

President Chávez: Exactly... But what I was saying is that there is a manner of dialogue that must be left to history, the dialogue of the elites.

Fedecámaras came here and made proposals. But if the government did not agree to their proposals ¡Ah! Then there is no dialogue. See, to them dialogue means submission. And a government cannot subordinate itself to any element of power, because it is not the only power, there is economic power, media power, power is manifest in many ways.

José Vicente Rangel: Imperial power

President Chávez: Imperial power. In any case, we are subordinate to the constitution and the demands of popular power.

So, I am prepared for all sectors to be included in a national debate, in a national dialogue. Right now I invite— again I am going to take advantage of your show, which I know after today will be, as it always was, very popular, the best Sunday show; because there is no **Aló President** [laughter], because we would have had to compete, and it would have been a good match—

But, listen, on “*José Vicente Hoy*” here on Televisión, I invite all of the country. Let’s debate socialism, let’s dialogue. Capitalism is the king of inequality, of lies; so let’s debate

about the economy, about policy, about ethics...

José Vicente Rangel: About constitutional reform.

President Chávez: Constitutional reform. So that all sectors contribute. Especially as it passes to the second step. The second step, as you know, the Council of Ministers approved the proposal, and so it went to the National Assembly.

In the end I believe that dialogue, but frank, sincere, open dialogue with no hidden cards, is what is lacking in this country and in the world.

José Vicente Rangel: Do you see signs of destabilization? There has recently been an attack on the meat and potatoes of Venezuela, against the stomachs of Venezuelans. Some attribute it to agitators, even to the involvement of the CIA in certain activities. Is a coup in the works? Is a popular insurrection organized, as some say, a repetition of February 27? And most importantly, is an assassination really planned? I ask you this with some emphasis because as you know in Colombia, just the other day, former DAS (Security Department) Chief Rafael García was detained. Who made the accusation that resulted in the chief of DAS landing in jail? This has caused a lot of commotion in Colombia. And Rafael García initially indicated that DAS paramilitary contacts expect an assassination attempt on President Chávez.

It seems to me that the specter of assassination is permanently hovering, no? More so than other options, and this is a fundamental matter, because if something happens to the life of a president, and especially that of a man like Chávez, it results in absolute instability of the country.

President Chávez: Without a doubt we cannot dismiss this hypothesis.

A coup would be extraordinarily difficult at this time, and I believe for evermore, with this Armed Force we have, each day more conscious, including the generals. Many of those guys of February 4 are generals. What emotion it gave me, on February 4, when General Euclides Campos Aponte led

his escort, which included 4 other F-4 participants, and they saluted with: Homeland, Socialism or Death! Some say that this was an order I gave. No, that came from those guys’ souls, from their souls, because they were born in this process.

In addition we have the Minister of Defense, Baduel, a fortress. The military sectors meet here nearly every day. The Civil-Military Union leaders were here last night and the night before, with the Presidential Commission of Popular Power, the commander of the Reserve, 200,000 plus reservists, and now they are receiving LARs, light automatic rifles, because we are distributing Kalashnikov to the combat units; and the LARs, and it is the armed populace together with the Armed Forces, which are now Bolivarian.

So, a coup would be extremely difficult.

Someone could try something crazy, an individual or small groups, but it won’t get out of hand.

A popular insurrection, which has been considered in some places, would be extremely difficult. I’ll make a comparison between the situation of February 27 and today. It is a totally different situation. There is a populace out there that has a government that serves them, that makes mistakes, but the people also know that it is a government that belongs to them. Back then the people had no government, except to stifle them and rob them.

José Vicente Rangel: And assassination? Some laugh when you speak of assassination. They want the proof - which is a cadaver.

President Chávez: Sure those who laugh are suspects. [laughter] All who laugh are suspect to me, not of direct participation, no, but of manifesting it from the deepest corners and dark souls of fascists, without realizing it. Good God, what would happen here if they killed me? I even say to my closest men, look, be careful because if something naturally happens to me, it’s possible that many people will not believe it and will say that they killed Chávez...

I have no doubt that the assassination hypothesis has become more likely. Who was just sworn in as sub-secretary of state in the White House? John Negroponte, a professional killer. And they have assigned special CIA units, real killers, who not only roam around Venezuela, [but also] Central America, and South America. Recently a report arrived from Central America, for example. Posada Carriles's people are very active in Central America, and they are looking for contacts in Venezuela. Among other things they are seeking large quantities of explosives. Are they perhaps thinking of some kind of car bomb? Or they look for ground to air missiles with the presidential plane in mind.

We are ready, fortunately. Well, with the help of God, our friends around the world, and the experience our teams have acquired we are neutralizing them.

In Colombia, José Vicente, that day [in 2001] when I visited Pastrana and later the set-up emerged about Diego Serna Alzate, who was behind me when I was addressing some businessmen. He even brought me a glass of water before my speech. A month later he came out claiming to be with the FARC and that he was there as part of an agreement between Chávez and Marulanda, and that he was supposed to kill Pastrana that day. No, that day he was going to kill me. That man was planted there by the Colombian intelligence, by the extreme right, and surely by the CIA. Only one detail saved me. We were there—he was behind me—the Colombian intelligence planted him there, not us, or better put, it was an error on the part of my security to permit this man to be behind me - errors, inexperience - now this could never happen in any part of the world. Now it is my security behind me or I am not there. Get it?

So, afterward there were cocktails on the patio. I remember it very clearly because we investigated it all step by step later. Some policeman, who was not with the squad on duty, detected a guy acting suspicious and he spoke to one of our guys, and they followed him to the bathroom. There was a loaded 9mm pistol in the bathroom. The guy went to find the pistol of the year. There they grabbed him and they hauled him

to jail. Later he spouted out this story of how he was going to kill Pastrana - at my order. No, he was going to kill me that night in Bogotá. The DAS was behind it without a doubt...

José Vicente Rangel: The narco-DAS

President Chávez: The narco-DAS, the paramilitaries. How did those paramilitaries get here [2004]? They were also detected thanks to information from local people, thanks to our intelligence, to the movement and to the patrols. In fact, on that day they recommended that I not stay the night in the Palace because something was going to happen, there were many reports. I was here until late; then I left. But I was alert until 5 or 6 in the morning when we figured nothing was going to happen - false alarm. But the news was very good. Around 200 uniformed paramilitaries had been captured. One was caught in Barinas. I even saw his face, because I had gone to see my mother for Mother's Day. So the garrison general told me: "Look, last night we captured a guy who was on a bus heading to San Cristóbal. He had proof of being in the military. We saw his Colombian Army Reserve ID. He said he came to Caracas because he was working. He could be one of the paramilitaries. So, I went to interview him. I spoke to him awhile and of course he denied everything. Later they brought him to Caracas as one of the leaders and cruelest killers of that group. The kind that cuts a person in half with a chainsaw, you see? I saw the face of one of those who were training to come here to assassinate me wearing the glorious uniform of the Venezuelan army. How did they get here?"

The DAS and the Venezuelan coup-plotters in the military planted them here, along with a group of traitorous and fascist civilians like the owner of that land, and many others who go on nurturing the thesis of assassination.

I told the Disip chief, the DIM chief (Military Intelligence), the minister of the interior, and the vice-president to launch an offensive, because we have been on the defensive regarding this topic, no? So, it is possible that surprises of this kind may soon occur. But I will say no more.

José Vicente Rangel: How has Hugo Chávez changed over these long years of governing, inhabiting the Palace?

President Chávez: [laughter] It's a prison, really. It's a prison.

José Vicente Rangel: Do you consider yourself to be the same?

President Chávez: Yes, yes I am the same. Only like I said 8 years ago, the man and his circumstances. But me sitting here on this patio could be the Commander Chávez imprisoned in Yare. But in truth I am a prisoner. I would like to stand on the corner, drink a coffee. I would like to go out one Friday to listen to music, with good friends. I would like to go on March 19 to listen to the harp in the fiestas of Elorza on the banks of the Arauca. But I can't...

José Vicente Rangel: All of this is contrary to the idea of re-election.

President Chávez: Of what?

José Vicente Rangel: Of re-election.

President Chávez: Of re-election [laughter]. Rosinés, my poor daughter asked me one day, because she has it in her head to be a skydiver, she asked me: Papa since you are the president you can't jump. In 2021 can you jump with me? [laughter] Dreaming about the future. The issue of re-election is profoundly democratic, as you well know. We will propose it to the Assembly and later to the people. So the people can debate it, discuss it, and say yes or no. If the people approve it we will have to see if I am still in condition to launch another campaign in 2012, whether the people support me or not, etc. Yes, it will be a profoundly democratic process. But on a personal level, I don't regret it. I don't feel like a victim, or like I'm walking around here in chains.

I spoke to you a while ago about the sub-lieutenant Hugo Chávez on a mountain in Anzoátegui, in an anti-subversive battalion, back when they killed Jorge Rodríguez, all those years of terrible repression against the Venezuelan left and against the people. I went around reading Plejanov, *The Role of the Individual in History*, and

there it is clearly stated, José Vicente. I internalized it.

One can be chained up in a dungeon, but if you are conscious of your role in a historic process, in this case a process of change, if you are conscious of that, you are free. Therefore I feel perfectly free. I am fulfilling the mandate of a people; I don't regret it at all. But I am still the same "Goofy!" Now a little less "Goofy" than before. I like to play chapitas ["baseball" with bottle caps and sticks]. Sometimes we play pelota de goma [baseball with a rubber ball] until dawn. You never played with us. You did play bolas criollas [similar to bocce ball].

José Vicente Rangel: And I won!

President Chávez When I play I am "Goofy" again. In essence I am still the same. I am the same surrounded by new circumstances. Of course I am much more mature. I study a lot. What I try hardest to do each day is read, study. Right now I am rereading Ché Guevara and his critique of USSR economic policy, of the new economic policy, of the Soviet handbook. I am reading Simón Rodríguez. I read so many books that arrive, old books, new books, looking for knowledge. Trying to fulfill the journey as long as God wants.

José Vicente Rangel: Thank you very much. I won't have to wait until 2012 for another interview?

President Chávez: [laughter] No, next time, when you want, we will come to the studio at TeleVén.

José Vicente Rangel: Ok, thank you.

President Chávez: Thank you José Vicente. Welcome once again, for the good of Venezuela, "*José Vicente Hoy*".

Thank you.

SOUTH CENTRE NEWS

The Executive Director

Prof. Yash Tandon, the Executive Director of the South Centre delivered a lecture on "The New Drivers for Global Change: Challenges and Responsibilities" at the Foundation Day of the Institute for Studies in Industrial Development in New Delhi on 1 May, 2007. The Prime Minister of India Dr. Manmohan Singh inaugurated the new ISID campus.

Trade for Development

The staff of this Programme:

- Met with members of the G-33 in order to discuss recent developments with respect to the agriculture negotiations.
- Participated in a conference entitled "Agricultural Subsidies in the WTO Green Box: An Overview of Upcoming Issues from a Sustainable Development Viewpoint", organized by ICTSD in Montreux on the 16-17 April.
- Participated in an 'informal workshop' on "Taking Forward the Recommendations of the WTO Task Force on Aid for Trade" held on 26 and 27 April at the Palais des Nations, Geneva. The meeting was organized by the ACP secretariat in collaboration with the Commonwealth Secretariat, UNCTAD and the WTO.

- Carried out, in collaboration with Oxfam, a training on the interfaces between the WTO and the EPA negotiations in Malawi from 26 to 28 April. The training was attended by representatives both of the Civil Society and Governments. Countries represented included Ethiopia, Kenya, Malawi, Uganda, and Zambia.

Innovation and Access to Knowledge Programme

The Programme staff:

- Organized a meeting on TRIPS issues on 30 April 2007 to discuss how to advance the proposal for amendment of the TRIPS Agreement to include a disclosure requirement.
- Participated in the Panel discussion on "Making Intellectual Property Work for Development" organized by International Chamber of Commerce on 26 April 2007 at WIPO.
- Was interviewed on issues concerning health and intellectual property rights in the WTO, WIPO and WHO by the Finnish National Research and Development Centre for Welfare and Health (STAKES) on 27 April 2007.

- Reviewed and commented on the World Bank-sponsored study on traditional knowledge and genetic resources at a review meeting at the World Bank Geneva Office on 30 April 2007.

- An article by the Lead Economist, Xuan Li, appeared in *Journal of World Intellectual Property*, Volume 10, Issue 2, March 2007, pp. 125-148, under the title "Inadequacy of Patent Regime on Traditional Medicinal Knowledge - A Diagnosis of 13-Year Traditional Medicinal Knowledge Patent Experience in China".

- The Programme is organizing the Third South Innovation Perspectives Series Seminar on Wednesday, 9 May 2007 at the Palais des Nations, Room IX at 15h00. Mr. Sufian Jusoh from the World Trade Institute will speak on the use of flexibilities in TRIPS for biotechnology innovations. Full information about the seminar and registration procedures are available on the South Centre website at:

http://www.southcentre.org/Events/SouthInnovationPerspectives_seminars.htm

- A joint workshop on Intellectual Property, Economic Partnership Agreements, and Sustainable Development with CIEL and Oxfam will be held in Brussels from 12 – 13 May.

COMMODITIES, POVERTY AND DEVELOPMENT

The winds of change finally appear to be blowing around the commodities sector. When and what effect it will bring to the small unorganized producers in the rural areas of developing countries is still to be seen. For a start, it is good news that international attention is sought to be re-focused on the commodities problematique. Brazil, which has good experience in capitalizing on commodities trade, will be hosting an international conference from 7-11 May in Brasilia. Termed as the 'Global Initiative on Commodities' the meeting is a result of the joint efforts of the Common Fund for Commodities (CFC), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP), and the Secretariat of the African, Caribbean and Pacific Group of States (ACP).

About two and a half billion people - almost one in three persons around the globe - eke out their living from commodities production. Almost all are poor. The tragedy of this sector is that even when the prices of commodities go through a boom - as they are now since a few years and likely to stay this way for another 5 years at least - the small unsubsidized producers in the developing world gets no share of this rise in prices. In fact, the so-called 'farm-gate' prices have actually been going down over the years - signifying a greater siphoning of margins from elsewhere in the value-chain. Farmers generally receive only 4 to 10 per cent

of the end prices paid for their products. For example, Robusta coffee producers in Cote d'Ivoire received 17.5 per cent of each consumer dollar spent on their product in 1980-88, but only 7.2 per cent in 1999-2003. For coffee growers in Indonesia, the decline was from 19.2 per cent to 7 per cent.

The enormity of this distorted, unbalanced and unfair trade practice can be gauged from the fact that 80 per cent of the developing countries are commodity dependent. 39 developing countries are single-commodity dependent for more than 50 per cent of their export income, while 48 countries depend on only two commodities. With little processing capacity to add value in these poor countries, commodities - cotton, cocoa or others - account for an extremely large proportion of economic activity.

Commodities thus form the backbone of a majority of the economies of the developing world. They are effectively a potent instrument of poverty reduction and development. More so for the economies of the Least Development Countries (LDCs) are based on commodities, and represent about 70 per cent of their total exports and one of the most important source of government revenue, income and employment.

There is much that can be done. The Brazil conference is expected to identify a global strategy that will not only raise the profile of commodities in international fora but also identify steps and measures at the national and international levels. It is well known that inadequate infrastructure, low productivity, untapped economies of scale and lack of support services are the main supply-side constraints facing commodity producers in the developing world. It is not unusual in Africa for as much as 40 per cent of national export earnings to be diverted into international transport services. For example, in Tanzania transport costs account for 60 per cent of the total marketing costs for maize, and losses due to inadequate storage facilities are estimated to be 30-40 per cent of production. Similarly, despite the enormous commodity potential in developing countries, agricultural

finance has been decreasing steadily over the past 20 years and new modes of financing are needed for commodity development and diversification. And equally important is to see how market instruments could be better channelled.

While it is essentially South-South trade that is providing the current impetus to higher demand - by the rise of economic giants like China, India and other large developing countries - and this scenario is likely to continue into the near future, the industrialized countries also have to play a critical role in providing the right enabling environment. Through their trade policy - including their stance in the Doha round vis-à-vis the LDCs and the treatment of commodities such as cotton and a significant reduction of agricultural subsidies - technology transfer, Aid for Trade and Development Aid - all those matter.

The markets in the developed world are getting to be sensitive to fair trade. Thanks also to civil society groups, some large corporate buyers in the industrialised world have begun to source their products in ways that reward small developing world producers better. But there is also a new dynamic developing. In addition to big Northern corporate enterprises that hitherto controlled the demand and even sometimes the supply side of commodities, new big players from the South are now coming into the market.

There remains however a centrality of concern that has to do with human development - which in turn is about people living in decent conditions with access to some of the basic human needs. Whether that is brought on by facilitating economic growth and development or by solving the commodities problematique or via Aid for Trade or by achieving the Millennium Development Goals or any other poverty reduction strategy - or all of them acting together - the poor have to be lifted out of poverty. It is just so many ways we say the same thing. By ignoring any one of these channels of improving living conditions of the poor - one only reinforces the poverty trap that more than 80 developing nations have been forced into since decades.

SOUTH BULLETIN

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