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IN THIS ISSUE:

- Promoting the export competitiveness of SMEs..... 1
- Expert Meeting debates Trade and Development Aspects of Professional Services and Regulatory Frameworks..... 2
- Linking International Trade with Poverty Reduction: The LDC Report 2004..... 2
- The Impact of FDI on Development..... 4
- An UNCTAD project on capacity-building for debt sustainability in developing countries..... 5
- Building capacity in higher education: UNCTAD input to new Trade Policy Management Course in Tanzania..... 6
- Representatives from CARITAS International met with UNCTAD officials..... 7
- New publications..... 7
- Upcoming events..... 9

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RECENT AND UPCOMING EVENTS

Promoting the export competitiveness of SMEs

In an UNCTAD Expert Meeting held in Geneva from 8 to 10 December 2004, experts and representatives from member States, international organizations, civil society, academia and the private sector examined different patterns of internationalization of SMEs and discussed policies and measures that could help strengthen the export competitiveness of SMEs in developing countries.

Special attention was devoted to the issue of qualitative TNC-SME business linkages and interactions, which are increasingly perceived as a way for SMEs to solve their traditional problem of access to certain critical resources such as finance, technology, managerial skills and new markets through outsourcing or integration into value chains.

Priority was given to the role of Governments in enabling exporting SMEs, which encompasses the coherence and sustainability of macroeconomic and micro-industrial policies to enhance productive capacities, the creation of a national export-friendly environment for local SMEs, the identification of segments of global markets and of export networks of large firms accessible to local SMEs, the facilitation of targeted business alliances between SMEs and TNCs, and the promotion of public-private partnerships to provide promising SMEs with effective business development services (BDS) and financial services.

Business to business relationships, through clusters, export consortia or integration of SMEs into global value chains, were recognized as crucial to promoting the exports of SMEs and helping them to climb the value ladder. The role of international agencies or trade promotion organizations was also underlined as useful in enhancing SMEs' competitiveness in developing countries by assisting their participation in discussions on investments and trade agreements.

For further information, please check [meetings](#)

Expert Meeting debates Trade and Development Aspects of Professional Services and Regulatory Frameworks, 17-19 January 2005, Geneva

Private sector representatives along with their public sector counterparts from developing and developed countries, including policy makers and trade negotiators, regional and international associations of lawyers, architects, engineers, accountants and members of the medical profession, came to share their concerns and interests in the area of professional services.

These discussions provided a future vision of the development policies and regulatory approaches available to developing countries to promote their trade in professional services. The experience shared during the meeting clearly showed the possible developmental gains accruing to developing countries from trade in professional services. The importance of mutual recognition agreements (MRAs) for the supply of professional services was confirmed. Niche markets were identified for all services providers, including SMEs, and for developing countries regional markets continue to be important, especially as a way of building their global competitiveness. Official policy in countries at all levels of development has often failed to fully recognize the importance and complexities of the services sector and of trade in services, hence trade negotiators, professionals and policy makers from all countries are on a steep learning curve to improve their understanding of issues and interlinkages involved in the area of trade in professional services. UNCTAD could help developing countries in overcoming this challenge through assessment of trade in services and development implications.

Individual experts suggested that, among other issues, UNCTAD should contribute towards:

- building a supportive international model framework to help countries in guiding their efforts to improve domestic regulatory capacity building;
- helping to enhance the role of professional bodies in developing countries;
- contributing to consensus-building, including in respect of development-friendly rules in the GATS negotiations on domestic;
- ensuring that movement of professionals is not hindered by restrictive procedures and analysing how to facilitate movement of professionals under GATS Mode 4 as well as in the context of regional trade arrangements.

For further information, please check [meetings](#)

Linking International Trade with Poverty Reduction: The LDC Report 2004

On 20 January 2005, the UNCTAD Special Programme for LDCs organized a seminar to present and discuss the Least Developed Countries Report 2004.

Charles Gore (team leader for the Report) said that the starting-point for the overall analytical approach of the Report was the observation that although there had been an explosion of interest in the subject of trade and poverty over the last five years, a striking feature of the recent literature was that it did not actually focus on

trade and poverty but rather on free trade and poverty. This was evident in the focus on trade liberalization. Mr. Gore argued that much progress was being made in tracing the short-term channels through which trade liberalization, as a price shock, affected poverty through consumer prices, wages and government revenue. But he insisted that the subject of trade and poverty should not be reduced to the question of the effects of trade liberalization on poverty. This put the cart before the horse in policy analysis. It also excessively narrowed the field, which could encompass many more subjects (see figure below).



Source: UNCTAD, *The Least Developed Countries Report 2004*.

Finally, whilst appropriate for the question of poverty alleviation and protecting vulnerable groups in trade reforms, a narrow focus was not an appropriate way to address the issue of how to achieve substantial poverty reduction such as that envisaged in the goal of reducing the incidence of poverty by half over a 25 year period. This, it was argued, required a development approach to the trade-poverty relationship.

Mr. Gore set out the main elements of a development approach as suggested in the Report. Its basic tenets are:

- Sustained poverty reduction occurs through the efficient development and utilization of productive capacities in such a way that the population of working age becomes more and more fully and productively employed.
- International trade can facilitate, hinder or modify this process.

The development approach that was advocated also entails examining variations in the nature of these relationships in different developing countries according to the composition of their exports and their level of development and production structure, and also the way in which the trade-poverty relationship is affected by the inter-relationships between trade and investment and financial flows and technology transfer.

The Report applies this approach to the least developed countries, and the principal finding is that there is an asymmetry in the relationship between trade and poverty in this context. If exports are falling, the incidence of poverty is almost certainly rising. If exports are rising, the incidence of poverty does not necessarily fall. In fact, export expansion in the LDCs in the 1990s has not generally been associated with poverty reduction. The Report analyses why this is so and proposes policy implications. These necessarily must go beyond trade liberalization not least because the empirical research of the Report shows that most LDCs now have undertaken very comprehensive trade liberalization in the context of structural adjustment programmes. The key issue now is how to promote development in the newly liberalized economy. This requires designing post-liberal development strategies oriented towards long-run poverty reduction, increased aid for developing trade and productive capacities, and measures to improve the international trade regime that go beyond multilateral trade liberalization.

The Report can be downloaded from www.unctad.org/lDCs

The Impact of FDI on Development

The Expert Meeting held in Geneva from 24 to 26 January 2005 discussed the globalization of research and development (R&D) by transnational corporations (TNCs) and its implications for developing countries. As some developing countries are becoming more important as both host and home countries for FDI in R&D, it was particularly timely to look at the implications of this trend for development. In recent years, China and India have been the leaders of the developing world in terms of attracting FDI in R&D, partly because of their large and fast-growing markets and their vast supply of engineers and scientists at relatively low cost. In Latin America, R&D activities are relatively limited, because FDI policies focus on attracting large amounts of FDI and do not pay specific attention to R&D in particular. Africa attracts low levels of FDI in general and even less in R&D activities, because of a mismatch between science and FDI policies, the lack of articulation between investment promotion policies and research policies, and the lack of public-private partnerships.

The focus of the meeting reflected a growing recognition in developing countries of the role that innovation and R&D plays in development. Innovation and R&D are essential for upgrading technologies, moving up the development ladder and catching up with developed countries. In technology generation, transfer and diffusion, developing countries are involving TNCs that are major players in global R&D. However, it has been underlined that TNCs are only one player in a national system alongside universities, research centres, domestic firms and other institutions of civil society.

Experts from academia, the private sector, civil society and international organizations participated in the Expert Meeting. The experts identified a number of potential positive and negative impacts on host economies. The net impact depends on various factors such as the nature of R&D undertaken and national and international policies aimed at maximizing the positive impact and minimizing the negative effects.

There was general agreement that active policies by Governments could play a leading role in creating and facilitating the right conditions to attract and benefit from FDI in R&D. In this context, the experts discussed such issues as the role of investment promotion agencies (IPAs), incentives to attract R&D-related FDI, performance requirements, and home-country policies.

Closer cooperation between TNCs and other key institutions, including members of civil society, in strengthening the national innovation systems of host countries was recognized as an important policy goal.

For further information, please consult [meetings](#)

An UNCTAD project on capacity-building for debt sustainability in developing countries

Funded by the UN Development Account, the project on debt sustainability is being executed by UNCTAD and has as its primary objectives the identification of appropriate policy measures at the national and international level and the strengthening of the policy-making and managerial capacity in developing countries for debt sustainability analysis in the context of their development strategies. The project complements other international initiatives to raise the capacity of developing countries to manage their debt in a sustainable way, in line with their development objectives and in line with the Millennium Goals for human development and poverty reduction. The project aims at:

- Increased attention from the international community and policy makers in debtor countries on the integration of macroeconomic and structural requirements in debt sustainability analysis;
- Improved capacity for understanding and analysing the concepts underlying the appropriate definition and use of debt indicators, taking into account the increased interdependence between trade, finance, investment and debt;
- Improved capacity of policy makers and debt managers for reviewing links between countries' external and domestic government debt;
- Improved capacity of individual countries for achieving and maintaining sustainable levels of debt, including their capacity to participate effectively in international debt negotiations;
- Strengthened economic cooperation among developing countries, at the international and regional level, with a view to achieving debt sustainability in low- and middle-income countries.

The project departs from existing approaches to debt sustainability by international financial institutions to the extent that the question of debt sustainability is not viewed only from a narrow perspective of reducing an excessive current level of debt, but rather from a long-term perspective of the overall development strategy of a country.

For further information, please contact Ms. Anh-Nga Tran-Nguyen at anh-nga.tran-nguyen@unctad.org

Building capacity in higher education: UNCTAD input to new Trade Policy Management Course in Tanzania

As part of an innovative project to support academia in developing countries, Professor Matambalya of the University of Dar-es-Salaam visited UNCTAD to discuss the development of a new trade policy management course in his university.

The course has been specially designed to provide current and future policy makers with the analytical and practical skills to formulate and implement relevant and sustainable trade policies. According to Professor Matambalya:

Our students need to understand the international political economy and the framework within which trade policy takes place but they also need to improve their skills to analyse all issues related to trade, which is essential for formulating policy that is relevant to Tanzania, whether they are in the private or public sector.

Over the course of a week, Professor Matambalya met with staff working across the full range of UNCTAD's work. He discussed the focus and content of the course with experts working on, among other topics, commodities, trade and poverty, investment and trade negotiations. UNCTAD's input has been essential to the development of the course, providing coherence for the different modules and elements involved. As Professor Matambalya explains:

The bottom line is to understand how trade contributes to development-this is what we want to get across to our students. As a result of the consultations I have had here, we have adjusted the focus and content of some of our modules to give our programme more clarity on this essential issue.

A key element of the new course in Tanzania is to help students understand the links between their country and what is going on globally. This global perspective and the importance of networking are behind the University's involvement in the UNCTAD Virtual Institute (Vi). The Vi facilitated Professor Matambalya's visit and has been involved in the development of the course. As Matambalya explains, involvement in the Vi has played an important role in developing the programme: "It has been our major link to other international expertise and knowledge. It has linked us to wider sources of information and literature, and this has been very useful to us."

The Virtual Institute (Vi), an UNCTAD initiative launched in São Paulo at UNCTAD XI, uses UNCTAD inputs to support academic institutions in the development of training and research connected with trade, investment and development.

The Vi is a valuable new initiative that underlines the importance of civil society organizations, such as universities, in building the necessary human and institutional capacity to formulate trade and development policies.

For further information, please consult: <http://vi.unctad.org> or contact hannah.davies@unctad.org

Representatives from CARITAS International met with UNCTAD officials

The Civil Society Outreach (CSO) unit organized a meeting between UNCTAD officials and representatives from CARITAS International (an international organization with about 162 member organizations in the world) on 12 January 2005 in the Palais des Nations, Geneva.

Issues related to fair trade, commodities, agriculture, cotton industry, food sovereignty and GMOs were discussed. Participants from both organizations welcomed this opportunity to exchange views and information on issues of mutual concern to UNCTAD and CARITAS International. They also agreed to continue to explore ways to further cooperation and collaboration on issues that fall within UNCTAD's mandate.

NEW PUBLICATIONS

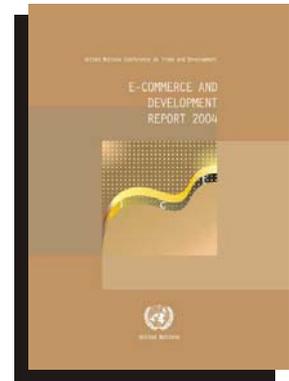
E-Commerce and Development Report 2004

The E-commerce and Development Report 2004 is intended to provide policy-makers and practitioners with information and analysis to better assess the implications of the growing role of ICTs in economic development.

The Report reviews recent trends and developments in the area of ICT, e-commerce and economic development, including some aspects of ongoing international discussions on matters such as Internet governance. It also identifies areas where the application of ICT can have an impact on the performance of developing countries' enterprises and economies. Taking into account the opportunities that developing countries face in adopting e-commerce and ICT, the report focuses on use of ICT by the SMEs of developing countries and policies and strategies for the development of a national ICT sector.

Specific discussions on e-commerce and ICT in developing countries focus on selected topics such as the use of digital and Internet technologies in creative industries, in particular in the music industry, and their application to higher online learning.

The report also looks at government e-commerce applications in e-procurement and the legal issues and challenges of data privacy and its role as a trust-building mechanism for information society development.



For further information check the [Report](#)

Prospects for Foreign Direct Investments and the Strategies of Transnational Corporations, 2004-2007

Prospects for Foreign Direct Investment in 2004-2007, a new publication launched in November 2004 by UNCTAD, provides detailed insights into future trends in foreign direct investment (FDI), including:

- FDI prospects by region and by industry
- Ranking of the most attractive locations for FDI over the next three years
- The most important source countries for FDI
- FDI policy trends
- How countries intend to attract FDI.

The publication, as a comprehensive forecasting study on FDI, is based on three surveys of transnational corporations (TNCs), investment promotion agencies (IPAs) and FDI experts conducted by UNCTAD earlier this year. It is the first in a new series of annual studies that will monitor upcoming trends in FDI and related policies as part of UNCTAD's Global Investment Prospects Assessment project.

For further information, please consult [publications](#)

The Biotechnology Promise: Capacity-building for participation of developing countries in the bioeconomy

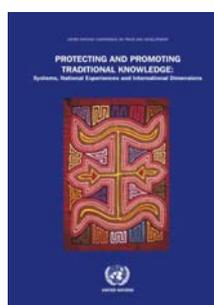


UNCTAD's Division on Investment, Technology and Enterprise Development recently published a book entitled: *The Biotechnology Promise; Capacity-building for participation of developing countries in the bioeconomy*. The book draws on materials, country case studies and expert background papers considered by the Commission on Science and Technology for Development.

The book identifies some biotechnology opportunities, challenges and trends globally, along with their implications for developing countries. It provides a balanced view on biotechnology and focuses on opportunities and challenges rather than just the benefits and risks that have dominated public debates. It argues that, unless the opportunities are taken and challenges addressed, benefits and risks will remain obscured by economic and social considerations rather than just science.

For further information, please consult <http://stdev.unctad.org>

Protecting and Promoting Traditional Knowledge: Systems, National Experiences and International Dimensions



The preservation, protection and promotion of the traditional knowledge, innovations and practices of local and indigenous communities (TK) are of key importance, particularly for developing countries. Their rich endowment in TK and biodiversity plays a critical role in their health care, food security, culture, religion, identity, environment, sustainable development and trade.

But this valuable asset is at risk in many parts of the world, and there are concerns that the knowledge is being used and claimed by third parties with few of the benefits being shared with the original TK-holders and without their prior informed consent. While such concerns have pushed TK to the forefront of the international agenda, the best ways of addressing the range of issues related to its preservation, protection, further development and sustainable use are not yet fully clear.

This book contains a collection of 46 papers prepared in conjunction with an UNCTAD Expert Meeting. The papers, written by experts from all regions of the world as well as international organizations, address three key issues:

- What is the role of TK, particularly in the health care and agriculture sectors?
- Why and how should TK be protected?
- How can TK best be harnessed for development and trade?

The answers to these questions are evolving as experiences are gained and shared. Moreover, as the types of TK, and related concerns and objectives, are unique to each country and community, solutions must also be tailored to local circumstances. By presenting a wide range of experiences and perspectives on this subject, this book provides the reader with ample food for thought in designing such solutions.

For further information, please consult [publications](#)

UPCOMING EVENTS:

Improving the sustainability of cotton production in West Africa: A round table hosted by the government of Mali

Within the context of the project on "Improving the sustainability of cotton production in West Africa", executed by UNCTAD in partnership with the International Consultative Committee on Cotton (CCIC) and with the support of the Common Fund for Commodities, a round table was organized in Bamako, Mali, from 28 February to 1 March 2005.

The participants discussed ways and means to improve the sustainability of cotton production in West Africa and to increase the revenues of producers. Several specific issues were tackled, such as the supply networks in the new reformed structure of cotton production, the transfer of knowledge to the producers, the impact of cotton production on the environment, and the different changes to apprehend. The project and its outcome will also contribute to the elaboration and execution of a programme on the development of the cotton sector to be considered by the UNCTAD Commodities Branch, the Special Programme on Least Developed Countries and the CCIC.

For further information, please contact Mr. Mehmet Arda at mehmet.Arda@unctad.org

OTHER EVENTS AND MEETINGS

UNCTAD Civil Society consultations, 18-20 May 2005

Trade and Development Board, thirty-sixth executive session, 3 May 2005

Science and Technology, eighth session, 23-27 May 2005

For more information on forthcoming events, please check the calendar of [meetings](#).

NGOs enjoying observer status with UNCTAD automatically receive official notifications inviting them to participate in and contribute to the debate and discussions of Expert Meetings, sessions of the Commissions of the UNCTAD Trade and Development Board, and quadrennial sessions of the Conference. Competent and relevant NGOs interested in contributing to UNCTAD's programmes and activities may wish to consider applying for observer status.

For further information, please contact amel.haffouz@unctad.org.

For more information, please visit UNCTAD's website:
www.unctad.org