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Best wishes for 2005!

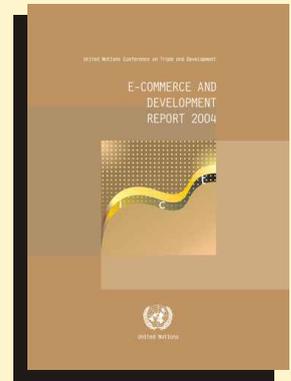
E-Commerce and Development Report 2004

Over a third of the world's 685 million Internet users live in developing countries, says UNCTAD's E-Commerce and Development Report 2004. This figure is up by a quarter since 2000. Yet despite this improvement in connectivity, e-business still lags far behind.

In addition to reviewing recent trends and developments in ICT and e-commerce, the Report examines the reasons for this lag and identifies areas where ICT can have an impact on the performance of developing country businesses and economies. It also focuses on the use of digital and Internet technologies in selected areas, such as the music industry and online learning. Government practices in e-procurement, legal issues and the challenges of data privacy are also examined.

The report (Sales No. E.04.II.D.42, ISBN 92-1-112653-3) may be obtained from UN sales offices at the addresses below. Price: US\$ 45.00. For Europe, Africa and Western Asia: UN Publication/Sales Section, Palais des Nations, CH-1211 Geneva 10, Switzerland, fax: +41 22 917 0027, e-mail: unpubli@un.org. For the Americas and Eastern Asia: UN Publications, Two UN Plaza, DC2-853, New York, NY 10017, USA, fax: +1 212 963 3489, e-mail: publications@un.org.

The report is also available on the UNCTAD website at: www.unctad.org



Asian tsunami: UNCTAD's response

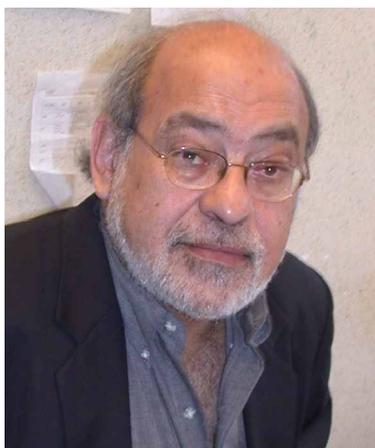
In the wake of the recent tsunami, efforts are now concentrating on rebuilding local economies. UNCTAD will contribute its expertise on debt issues and trade facilitation, and its analysis of economic vulnerability.

On the issue of debt, UNCTAD cautions that although a debt moratorium might provide short-term relief, the long-term economic effects have to be considered. Debt relief should in no way come at the expense of other aid funds.



Regionalism: a stepping-stone or a stumbling block to multilateral efforts?

Interview with Luis Abugattas, Senior UNCTAD Trade Expert



Mr. Luis Abugattas

1. In recent years there has been a plethora of regional trade agreements. Is there not a conflict between these agreements and those negotiated in the WTO?

There has indeed been a dramatic increase in the number of preferential trade arrangements over the last decade or so. Some 250 arrangements have been notified to the GATT/WTO; more than half were notified after January 1995, when the WTO came into being, not to mention the 70 or so that are still pending.

It is evident that there is a renewed interest in preferential trade arrangements in all regions of the world. They continue to proliferate and have become a political and economic reality. More than half of world trade now takes place within an existing or prospective preferential arrangement and almost every WTO member is a party to at least one. We have to accept that regionalism is likely to remain as an enduring feature of the trading system.

The relationship between regionalism and multilateralism, as embodied in WTO norms and disciplines, has been widely discussed by academics and policy-makers for a long time. But the basic issue under debate is whether regionalism is a stepping-stone or a stumbling block for multilateral efforts. To date, I do not believe there has been a definitive answer - it all depends on how you assess the effects of regionalism in the multilateral trading system.

In my opinion, however, given the new characteristics of regionalism - the so-called third wave - such a debate is outdated. We are confronted with a completely new phenomenon that is challenging our traditional understanding of regionalism as well as our analytical tools for evaluating its welfare and trade impacts. If we accept that this new form of regionalism is here to stay, we should focus on three main issues: how to accommodate it in the multilateral rules governing economic integration; how to ensure positive cross-fertilization between developments in regionalism and in the multilateral trading system; and how to convert regionalism into an effective instrument for sustainable development in developing countries.

2. UNCTAD XI, held in São Paulo last June, gave new impetus to the Global System of Trade Preferences among developing countries. What is the advantage of developing countries entering into yet another round of trade negotiations?

Today experts talk about a "new geography of trade". South-South trade has grown significantly during the last decade or so, and almost 43% of all developing country exports go to other developing countries. Most analysts agree that in the near future new trading opportunities will emerge primarily in developing countries, due mainly to rising incomes and population growth. The Global System of Trade Preferences (GSTP), which allows the granting of trade preferences among developing countries, offers attractive opportunities to ensure market access conditions for their exports in other developing country markets. Also, given the proliferation of regional trade arrangements, namely the new North-South agreements, the GSTP is of specific interest to countries that are not party to any particular agreement.



It would help them to secure a level playing field for their more sensitive exports that might otherwise be jeopardized by the preferential treatment given to competing products. The GSTP also allows member countries to negotiate preferences for products for which there are real trading opportunities. In many cases the existing (and potential) trade flows do not justify negotiating full-fledged preferential arrangements.

3. What do you think of the argument that North-South agreements are more likely to benefit developing countries than South-South agreements?

It would be wrong to say that one type of agreement benefits developing countries more than another. The welfare impact of the agreements depends on their particular content, and the benefits and costs, should be demonstrated empirically. It is true that today some people believe that North-South agreements are better for developing countries. However, this is at best a working hypothesis that still has to be demonstrated.

North-South agreements redefine the pattern of relationships between developed and developing countries. They are moving away from unilateral preferential schemes for trade in goods towards reciprocally binding commitments that involve a great number of areas and involve a wide range of integration measures. The implications of this type of agreement have raised concerns. Their effects on non-members and on the development prospects of developing country members are still not clear.

Let's take for instance the possible impact of these North-South agreements on South-South trade. A significant proportion of South-South trade is based on regional preferences. But what will happen once these preferences are eroded by North-South agreements? North-South trade agreements are likely to have less of an impact on developing country exports than the erosion of South-South regional preferences.

Also, concern has been raised regarding foreign direct investment (FDI) flows. Not all parties to North-South agreements have experienced an increase in FDI flows. While the agreements might bring more FDI, the benefits are not always evenly distributed. They are generally concentrated in countries with large domestic markets that are used as platforms to "export" to other members of the agreement. Some countries might even experience disinvestment in their territories.

An issue that also deserves attention is the impact of North-South agreements on developing countries' policy space - the scope they have to decide on their own domestic policies. The question is: will the policies embodied in the North-South agreements produce the expected results? I am afraid that in many cases these policies, after more than a decade of implementation, have not fulfilled all their promises.

Strengthening competition and consumer policies in Latin America

UNCTAD and Switzerland have signed an agreement to launch phase II of a joint programme to strengthen competition and consumer policy capacities in Latin America (COMPAL).

The three-year programme involves five countries of the region: Bolivia, Costa Rica, El Salvador, Nicaragua and Peru. It will be tailored to the countries' needs and will be implemented in cooperation with national coordinators. Its main aim is to reinforce the countries' capacities to enforce competition and consumer policies in the areas of both human resources and policy-making.

Swiss support for the programme is being provided by the State Secretariat for Economic Affairs and the Competition Commission.

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Capitalizing on know-how

UNCTAD and the Institut de la Méditerranée signed an agreement on 20 December 2004 to explore how knowledge and know-how can be used as development tools in the Mediterranean region, in particular in Morocco and Tunisia.

The work carried out by the Institut de la Méditerranée on so-called "knowledge-based economies" (KbEs) has shown that know-how - and not only capital - can generate growth and development. By producing and diffusing knowledge and know-how throughout society, countries with poor savings rates and little direct investment can still hope to stimulate sustainable economic development.

The agreement will lead to new research and activities by the two organizations on how to maximize the growth potential of "know-how societies" in partner countries. It will also encourage the diffusion and application of know-how by public-private partnerships.

Further information is available at www.globalprogramme.org, www.ins-med.org and www.femise.org

ASYCUDA in Afghanistan and the Palestinian Territories

ASYCUDA is a computerized customs management system developed by UNCTAD that covers most foreign trade procedures. It handles manifests and customs declarations, accounting, risk management and warehousing. It also generates detailed statistical data about international trade transactions that are very useful for economic analysis and planning. The system has been installed in more than 80 countries worldwide.

Afghanistan: as part of an inter-agency effort to help Afghanistan restructure its trade infrastructure, UNCTAD is to carry out trade facilitation activities and install ASYCUDA at the national Customs Administration. The project is being implemented jointly by UNCTAD, UNOPS (UN Office for Project Services), the World Bank and the Afghan government.

Palestinian Territories: the running of ASYCUDA in the Palestinian Territories has been handed over to the General Directorate of Customs and Excises. Implementation started in 2001 with the development of a Palestinian prototype and the establishment of a team of experts. The prototype is now installed at Customs Headquarters in Ramallah and two pilot sites are foreseen in Jericho and in Bethlehem.

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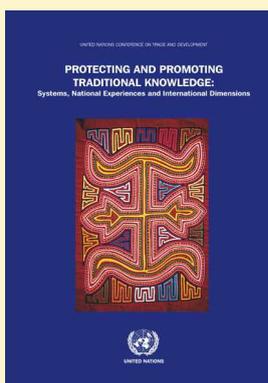
Course on key economic issues held in Viet Nam

Participants from 17 Asian and Pacific countries attended a two-week training course in Hanoi (Viet Nam) on the linkages between trade, investment and development. The course syllabus drew on UNCTAD's expertise in trade and development policies, financial flows and macroeconomic management, investment and technology, trade facilitation measures and e-commerce and development. The course was organized jointly by UNCTAD and the Vietnamese government.

Seven similar courses have already been held in different regions of the world. The Hanoi course is the second in the Asia-Pacific region. The next in the series will take place in Havana for the Latin American and Caribbean region in February and March 2005.

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