

New Challenges

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Talkdevelopment.info

Global exchange for knowledge-networking of ideas and experiences

Commercial Diplomacy

The road ahead for training and research in Africa and Asia

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Challenges for Jamaica and Tunisia in the global economy

Belgium pledges support to second phase

AT THE MEETING OF THE Trade and Development Board on 8 October 2001, the Government of Belgium pledged USD1million for the Global Programme's second phase.

Belgium's contribution is matched by funds from UNDP; the Government of Italy continues to fund a Junior Professional Officer.

In its second phase, the Programme will build on its past experience, by focussing at the country level. It will launch six new country assessments. It will also carry out more targeted activities at the global level.

The consensus achieved at the national

workshops will be translated into national action plans, in close co-ordination with UNDP regional bureaux (see New Focus at the Country Level below).

At the global level, the Programme will finance activities in areas such as trade capacity building, foreign direct investment, technology transfer and global governance.

This strategy will be key to the aim of enabling linkages to be built between liberalization, the need for consistent economic growth and sustainable human development.

Programme Web Site Launched

WWW.GLOBALPROGRAMME.ORG is the Programme's new web address.

All the latest news is available, including this newsletter, as well as recent publications, country assessments and information on the Programme's activities.

In addition, as part of the Programme's eStrategy, participants to meetings organised or funded by the Programme will be able to download all relevant documents and information from one site. Meeting reports, photos and press coverage will also be available once the meeting is over. This proved very effective at the recent national workshop in Tunisia.

Furthermore, consultant teams preparing papers for the Programme will benefit from a secure area where they will be able to store their work-in-progress for their colleagues to access and provide comments.

The site will also host the Programme's new knowledge-networking online initiative, talkdevelopment.info (find out more overleaf).

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New Focus at the Country Level

FOLLOWING POPULAR DEMAND the Programme will launch country assessments in Indonesia, Jordan, Morocco, Romania, Senegal, Tanzania, Turkey, and Viet Nam.

For each country, the initial assessment will examine the impact of globalization on sustainable human development. The results will be presented at national workshops to which policy-makers and stakeholders

in civil society are invited. This inclusive policy ensures there is a consensus on what needs to be done, and any action the Programme recommends receives broad and credible support.

The conclusions will then be translated into a national action plan in close co-operation with UNDP and key actors at the country level.



New Challenges is the biannual newsletter of the UNCTAD/UNDP Global Programme on Globalization, Liberalization and Sustainable Human Development. Find out more about the Programme on the internet at www.globalprogramme.org

Tunisia National Workshop: Facing Trade Liberalization

Tunis, 25-26 September 2001

THE COUNTRY ASSESSMENT for Tunisia was presented at the National Workshop. It highlighted the twin challenges of the end of the quota system under the multi-fibre agreement in 2004, and a free trade treaty with the European Union in 2007.

The country is pursuing a vast array of policies complementary to trade liberalization, which require some strengthening. Objectives include better co-ordination of export promotion policies; higher-quality trade facilitation programmes; enhancement of SME-oriented facilities; more access to export financing and credit insurance; and greater emphasis on exports of services other than tourism.

Government efforts in foreign investment liberalization and promotion have the potential to attract more FDI. The foreign investment promotion agency needs to expand its financial and human resources, focus its efforts on targeting investors, and promote partnerships and BOT (build-operate-transfer) projects. Participants were asked to consider the role that emigrant Tunisians could play

both in investment and the transfer of technology.

Although a number of measures have recently been introduced to stimulate portfolio equity flows, full capital account liberalization will only take place once the domestic sector is strengthened. One important question to be asked is, however, whether the pace of these reforms can be accelerated without jeopardizing financial stability.

The next few years may see tensions emerge as firms adjust to competition by cutting jobs. The long-term impact on employment will ultimately depend on the volume and quality of domestic and foreign investment, labour market flexibility and improvements in education and vocational training. In order to enhance labour mobility, the Government could examine the feasibility of introducing an unemployment insurance scheme.

Tunisia is implementing a panoply of rather successful poverty-reduction programmes with only 1% of the population now below the international poverty line of \$1 a day. However, in order to cope with the possible adverse ef-

fects of increased openness on the poor, priority attention should be paid to better coordination and harmonization of the various schemes already in operation.

The Workshop was very well received by the Tunisian press. In his opening remarks, the Minister for Foreign Affairs, M. Youssef Mokaddem, reiterated his country's commitment to an open economy in pursuit of sustainable human development.

Eighty members of Government, civil society and academia attended the event, widening the circle of people investigating how Tunisia can best seize the opportunities of integration into the world economy. The Programme hopes this group can be tapped to assist in generating an integrated action plan for Tunisia.

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Knowledge-Networking: Talkdevelopment.info

THIS IS THE NEW knowledge-networking arm of the Global Programme's online activities – a global exchange for ideas and experiences in the fields of globalization, liberalization and sustainable human development.

Scheduled to be launched shortly, it will target members of Governments, NGOs, universities, the media and UN organisations at every level of expertise.

The site will feature open discussion forums on issues close to the Programme's work. These will tend to be country-specific. For each

discussion, an institution will be selected at the national level in collaboration with the UNDP country office, to publicise the event.

The open discussions will be complemented with an ad hoc series of short sometimes-controversial articles, and two-way debates between Programme consultants, experts inside and outside the UN as well as the academic world who will bring their unique perspectives to bear on the topic of the day.

Talkdevelopment.info will also feature a resident development expert to

discuss issues and answer questions relevant to the Programme's aims of exploring the linkages between liberalization, consistent economic growth and sustainable human development.

Summaries and general conclusions of these forums and debates will be published at regular intervals and will be used as inputs for country assessments, national action plans and workshops. They will also be widely disseminated amongst the development community.

Commercial Diplomacy in Africa

Port Louis, 3-5 October 2001

FUNDED BY THE GLOBAL Programme, the meeting was organised by the UNCTAD Commercial Diplomacy Programme in collaboration with the UN Economic Commission for Africa and the African Economic Research Consortium. It brought together delegates from Governments, civil society, academic institutions and UN regional and sub-regional commissions.

Participants called for broader knowledge networks to include research institutions, NGOs, parliamentarians and the private sector, with core institutions assigned in each region and training networks extending across regions.

Postgraduate courses in commercial diplomacy and international business, similar to a joint initiative between the Indian Institute of Foreign Trade and the Universities of Mauritius and Dar-es-Salaam, will go some way towards providing countries with expertise in training trade negotiators and trade promoters.

This meeting builds on the conclusions of the New Delhi Workshop for Asia. It highlighted the lack of sufficient experts required for adapting national legal systems and policies to multilateral trade disciplines.

Therefore there is a need to carry out more cost-benefit research on the impact of the Uruguay Round, and prepare trade operators and national industries to make the most from international competition. More efforts are also required to support Governments negotiating their accession to the WTO.

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Jamaica National Workshop: A Human Capital Challenge

Kingston & Montego Bay, February 2001

WORKSHOPS WERE HELD in both Kingston and Montego Bay to discuss the findings of the Jamaica country assessment. They were attended by senior government officials and members of civil society, academia and the business community.

The assessment praised Jamaica's success in attracting significant levels of FDI, but noted that real growth rates have only averaged 0.1 per cent over the last decade. This is because interest rates have been kept high by a huge debt burden and fiscal deficit. High interest rates have in turn restricted domestic investment, dampening the island's entrepreneurial energy. Moreover, they have led to an appreciation in the exchange rate, encouraging imports and discouraging exports. Policy makers therefore need to tackle the debt problem and foster macroeconomic stability and fiscal discipline.

At the same time policy-makers should promote the small and informal business sectors, which are ideally placed to bring about economic growth, through increased competition, the development of new products and services, the exploitation of e-commerce opportunities, and the exploration of new sectors.

Local entrepreneurs are also seeking policies to assist increasing flows of outward investment (see Policy Dialogue on Home Country Measures to Encourage FDI to LDCs overleaf).

School enrolment at primary and secondary levels is good relative to other countries in the region. However, higher education enrolment stands at only 4 per cent. With rising global educational rates, Jamaica needs to develop a passion for education to remain competitive. Training workers in customer service and marketing will bring long-term benefits to the tourist trade.

Less competitive sectors are likely to see major job losses, and support nets should be set up to prevent the victims of reform efforts from falling into long-term poverty traps. Demographic changes have led to an unusually large number of workers relative to dependents. However, coupled with a high rate of emigration by the well-qualified, this has resulted in increased urbanisation, fragmented families and a rise in crime. With the potential costs and perceptions of crime so significant as to threaten growth, preventive action in this area is an important first step towards tackling poverty and strengthening Jamaica's image.

However, emigration in itself will not harm the economy. Studies have shown that the remittances, mainly from the US and UK, make up for lost tax revenue.

Jamaica needs to sustain its human development achievements. Along with sound macroeconomic management, the island needs to build on its traditional strengths like tourism by seeking out new sectors and business innovations, injecting new skills, such as IT, into the economy, and fostering alliances with international producers and distributors to facilitate these changes.

Furthermore, such reforms must be communicated effectively in order to build the necessary political capital to help deliver change.

Overall, the country assessment and national workshops have contributed to raising the capacity of Jamaican people, institutions and enterprises to cope with issues related to globalization. It is intended that the points identified will form an input to Jamaica's action plan.

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Enhancing the Competitiveness of SMEs through Linkages with TNCs

Tianjin, China, 11-13 December 2001

Senior Asian trade and investment officials, academics, and representatives of development agencies and NGOs met to discuss policies for attracting foreign direct investment (FDI) and boosting export competitiveness.

The meeting was held at a time of unprecedented competition in investment and export markets and a repositioning of international supply chains as a result of technological intensification, e-commerce and global insecurity.

Financed mainly by the Global Programme, the seminar was organised by the Investment Issues Analysis Branch of the Division on Investment, Technology and Enterprise Development of UNCTAD and the Centre for Studies on Multinationals of Nankai University, Tianjin with support from the Chinese Ministry of Foreign Trade and Economic Cooperation.

Presentations on the investment and production strategies of transnational corporations were followed by an in-depth exchange of countries' experiences in improving export competitiveness by targeting investment towards high technology and niche sectors. This requires, among others, tax incentives, business facilitation services and the provision of dedicated R&D facilities to high technology clusters.

It was noted that focused "after care" through investment ombudsmen, special hotlines, and the waiving of corporate income tax on re-invested earnings retains and increases FDI. And that this should be complemented with a developed local economy, a spirit of entrepreneurship, workforce skills and real-time monitoring of the economy's capacity and the latest shifts in international production.

Furthermore, it was highlighted that power should be devolved to investment promotion agencies, in tandem with systematic policy co-ordination among government departments, greater transparency in decision-making, and political support from the highest levels.

A network of policy makers and organisations is now ready to shape regional trade and investment flows and contribute to future negotiations on a multilateral investment agreement.

Following favourable feedback from participants, proposals have been made to continue this seminar series and examine the implications of the Doha investment agenda on national and regional policy making.

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Future Programme Meetings

Policy Dialogue on Home Country Measures to encourage FDI to LDCs

Geneva, September 2002

To compile a list of home-country measures and specific incentives for home-country enterprises to promote transfer of technology, especially through FDI flows to LDCs.

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Meeting on Best Practices in the Transfer of Technology

Geneva, 11-12 April 2002

This meeting will formulate technology policies aimed at enhancing the competitiveness of developing countries in a manner consistent with sustainable human development.

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About the Global Programme

THE GLOBAL PROGRAMME is a joint partnership between UNDP and UNCTAD established in 1998 to explore the linkages between liberalization, consistent economic growth and sustainable human development.

Financed by UNDP and the Governments of Belgium and Italy, it is executed at UNCTAD in Geneva.

It works with Governments and civil society in low-income developing countries to implement these findings in their national contexts.

It also works with UNCTAD divisions in areas such as trade capacity building, foreign direct investment, technology

transfer and global governance.

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