



NEW CHALLENGES

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
UNITED NATIONS DEVELOPMENT PROGRAMME

A Biannual Newsletter

Concerned with the negative spin-offs of globalization, two of the United Nations development-centred organizations joined forces to provide the first coordinated response to this challenge. The United Nations Development Programme (UNDP) and the United Nations Conference on Trade and Development (UNCTAD) launched the *Global Programme on Globalization, Liberalization and Sustainable Human Development* in September 1998. The Programme, financed by UNDP and executed by UNCTAD in Geneva, will initially cover a period of three years.

Addressing its first meeting of experts in February 1999, Mr. Rubens Ricupero, UNCTAD Secretary-General, called the Global Programme a concrete manifestation of the UNCTAD/UNDP partnership to assist developing countries in capacity-building to meet the challenges of a globalizing and liberalizing world economy. Globalization may offer developing countries many opportunities for sustained economic growth, but it can also lead to marginalization, exclusion, economic insecurity and instability, with the weaker population groups being the most vulnerable. Integration into the world economy should therefore not be an end in itself, but a means of fostering sustainable development based around the needs of people. The main challenge for developing countries is to manage integration in a way that will allow them to grasp the opportunities provided while at the same time minimizing the risks of economic and social dislocation and marginalization.

While liberalization has some positive effects, the Secretary General stated that by itself it is insufficient to make developing countries better off. Although the Uruguay Round brought about an open and transparent multilateral trading system, these countries have not been able to fully benefit from it. Therefore, they should be given the means to participate effectively in the negotiation process through training and education on issues relating to globalization.

The Global Programme, in responding to this challenge, has been seeking the collaboration of other international organizations such as International Labour Organization (ILO), United Nations Industrial Development Organization (UNIDO), World Bank, Economic Commission for Latin America and the Caribbean (ECLAC), Economic and Social Commission for Asia and the Pacific (ESCAP), Economic Commission for Africa (ECA), Economic Commission for Europe (ECE), Inter-American Development Bank (IADB), African Development Bank (AfDB) and Asian Development Bank (ADB).

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The UNCTAD/UNDP Partnership in Action

Period

Three years initially
1999-2001

The Programme's main objective is to assist developing countries, especially those with a low-income, to manage their integration into the global economy in a manner supportive of sustainable human development.

The Global Programme targets its activities at a global and country level.

Global Level

Sustainable Human Development (SHD)

Equitable Distribution of Growth

Protection of the Environment

Poverty Alleviation

Economic Advancement of Women

Objectives

- **Define** a conceptual and operational framework for analysing the process of integration of developing countries into the world economy.
- **Strengthen** countries' capabilities to participate effectively in multilateral negotiations in the field of trade and investment.
- **Promote** a better understanding of the links between globalization and sustainable human development.

Means

- Meetings of experts to review globalization and liberalization, and their links with sustainable human development.
- Meetings and training activities in the areas of trade and financial liberalization, foreign direct investment (FDI) and enterprise development.

Target Countries

Africa

Botswana, Cameroon
Côte d'Ivoire, Gambia,
Ghana, Lesotho, Malawi,
Mozambique, Zimbabwe

Asia

Laos, Nepal, Sri Lanka,
Viet Nam

Latin America

Bolivia, El Salvador,
Guatemala, Guyana,
Honduras, Jamaica,
Nicaragua

Maghreb

Tunisia

Middle East

Jordan

In Transition

Uzbekistan

Country Level

Objectives

- **Assist** 10-12 low-income countries to equip themselves with policy and institutional tools to facilitate their integration into the global economy.
- **Support** efforts to increase the coordination between policy development at the macro and micro level.
- **Assist** countries in developing their capacity to monitor the implementation of policy recommendations, and their impact on sustainable human development.

Means

- Country assessment studies involving all the relevant "development actors" (government, private sector, research institutions and relevant non-governmental organizations) in these countries.
- National workshops to discuss and disseminate the results of the studies.
- Formulate an action plan on the basis of the studies.
- Policy dialogues with the donor community.

The Global Programme is also undertaking activities for

Follow-up of the High-level Meeting on Integrated Initiatives for Least Developed Countries in Trade and Development

Objectives

- **Improve** the overall capacity of least developed countries (LDCs) to respond to the challenges and opportunities offered by the trading system, as agreed by the World Trade Organization (WTO), UNCTAD and International Trade Center (ITC) secretariats, in collaboration with the International Monetary Fund (IMF), World Bank and UNDP.
- **Support** trade and trade-related activities of LDCs.

Means

- Strengthen capacities for effective participation in discussions and negotiations in the field of trade and investment in multilateral forums.
- Organize round tables to provide trade-related technical assistance.

At the first WTO Ministerial Conference in Singapore in 1996, Ministers adopted the WTO Action Plan for LDCs, endorsed by the High-level Meeting on Integrated Initiatives for LDCs' Trade Development held in October 1997. Pursuant to this, it was agreed by UNCTAD, UNDP, WTO, ITC, World Bank and IMF that an integrated framework for the provision of trade-related technical assistance to LDCs should be drawn up and applied on a case-by-case basis to meet the needs identified by individual countries in the area of trade.

ACTING AT A GLOBAL LEVEL

The First Expert Meeting

3-5 February 1999, Geneva

Defining the conceptual and operational framework for analysing the integration of developing countries into the global economy, while supporting sustainable human development

This meeting went a long way towards defining the common framework and how it should be applied in country assessment studies – one of the main objectives of the Programme at the global level. Discussions focused on trade and investment liberalization and their implications for income distribution, employment, poverty alleviation, protection of the environment, the advancement of women and how globalisation may call for new approaches to development. The common framework to be used for the country assessment studies was also discussed, with an emphasis on the links between human development policies and integration into the global economy. It was stressed that the Global Programme should assist developing countries in strengthening their competitiveness through the use of human development policies in human capital accumulation. The meeting brought together more than 40 experts and representatives from a number of international organisations, including the World Bank, ECLAC, ESCAP, ECE, UNIDO, ILO, WTO, World Health Organization (WHO), Organization for Economic Cooperation and Development (OECD), International Centre for Trade and Sustainable Development (ICTSD), South Centre, International Chamber of Commerce (ICC) and International Institute for Sustainable Human Development (IISD).

Participants included:

Prof. David E. Bloom, Harvard Institute for International Development
Dr. Russell J. Cheetham, Asia-Pacific Investment Services Corporation
Dr. Ajit Singh Bhalla, Cambridge University
Prof. Voravid Charoenloet, Chulalongkorn University, Bangkok
Mr. Emiliano Duch, The Competitiveness Institute, Barcelona
Prof. Fabio Erber, University of Rio de Janeiro
Prof. Aziz Khan, University of California
Ambassador Tran Van-Thinh, former Ambassador of the European Union to GATT

International Centre for Trade and Sustainable Development (ICTSD) provides a bridge between development and environmental NGOs, trade and development officials in Governments, consumer, unions, academia and United Nations organizations such as UNCTAD and the WTO.

www.ictsd.org

Multilateral development institutions as regional partners

Africa

ECA and AfDB

Asia

ESCAP and ADB

Latin America

ECLAC and IADB

Regional Policy Dialogues in Asia, September 1999; Latin America, November 1999; Africa, April 2000.

Integrating sustainable human development into the ongoing economic integration and trade liberalization processes in developing countries, at the policy level.

Organized in cooperation with the Geneva-based International Centre for Trade and Sustainable Development (ICTSD), these regional policy dialogues will focus on the links between globalization and sustainable human development. Representatives from academia, the business community, Government and non-governmental organizations (NGOs) will participate.

The principal objectives of the Dialogues are:

1. **Strengthen** policy coherence between the objectives of sustainable human development and economic measures undertaken by developing countries in pursuit of the economic integration and trade liberalization processes.
2. **Deepen** the understanding of the impact of economic integration on growth, employment and sustainable human development. The dialogues will facilitate ongoing exchanges among Governments, the private sector, NGOs and civil society.
3. **Build** a consensus on how to manage integration into the global economy in a manner supportive of sustainable human development.
4. **Recommend**, at the policy level, activities in support of the integration of SHD objectives into ongoing economic integration and trade liberalization processes.

Activities within UNCTAD Co-financed by the Global Programme

Fine-tuning FDI: The China Symposium

Xiamen, China, 9-10 September 1999

The WTO Working Group on the Interrelationship between Trade and Investment, along with deliberations in various international forums, has given a new momentum for involving developing countries and economies in transition in discussions on a possible multilateral framework for investment (MFI).

The symposium, partly financed by the Global Programme, will provide an opportunity for policy makers and negotiators from all regions to draw lessons from the negotiation of international investment agreements so far. Policy makers will reflect, in an informal setting, on the content and future of deliberations and negotiation of such arrangements.

The China Symposium is the culmination of a series of regional symposia held in Fez in June 1997 for Africa, in New Delhi in July 1998 for Asia, in Kingston in September 1998 for the Caribbean, in Lima in November 1998 for Andean countries, and in Cairo in May 1999 for Arab countries, as part of UNCTAD's work programme on a possible MFI.

Implemented by a task force in the Division on Investment, Technology and Enterprise Development (DITE), the work programme on a possible MFI will see the preparation the series *International Investment Agreements* and the organization of regional symposia, Geneva seminars, civil society dialogue events and regional training workshops. It is financially supported by UNCTAD's trust fund on a possible MFI.

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Strengthening Capacities for Training in Commercial Diplomacy

ECLAC headquarters, Santiago de Chile, October 1999

Identifying the needs of Latin American and Caribbean countries in terms of training and research on international trade issues, in order to facilitate their participation in the forthcoming WTO negotiations.

UNCTAD will convene a Regional Meeting of 20 government officials, parliamentarians, researchers and business representatives. Representatives of the regional secretariats of MERCOSUR, Andean Community, Central American Market, Caribbean Community and Common Market (CARICOM), Latin America Economic System (SELA) and Latin America Association of Integration (ALADI) will also attend. They will discuss the preparations for negotiations on trade in services and agriculture at the WTO, as well as a presentation of UNCTAD's recent and future activities in the field of commercial diplomacy and its training material.

The meeting will analyse the needs of the region and allow UNCTAD to identify governmental, academic and private institutions that could act as "focal points" for its commercial diplomacy activities in the region and at interregional events. Similar meetings will be organized for Asia and Africa.

Best Practices in Investment

In line with its programme of technical assistance in FDI, UNCTAD helped create a worldwide forum of experience sharing among investment promotion agencies (IPAs), by building a database of best practices in investment promotion. This will be updated to provide comparative data on investment promotion practices, including SHD-relevant practices. It will cover as many countries as possible with different economic strengths, development levels, resource endowments, geographic locations, policies and experiences. This process will help countries to examine their investment policies.

A study of investment promotion agencies is to be compiled to provide coordination of outward promotion agencies of home countries and inward promotion agencies of host countries. An expert meeting is also planned to consider new home country measures to encourage SHD-supportive FDI.

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Women Entrepreneurs in LDCs

A survey is being prepared on the policy environment and obstacles to women entrepreneurs in LDCs. The results were presented to policy makers at a seminar for Africa, in Burkino Faso in July 1999. This was organised with the cooperation of the ILO and UNIDO. A regional seminar for Asia is scheduled for the near future. The aim is to help develop policies and take steps that will allow women entrepreneurs to work more effectively. This will also have a positive impact on income distribution and poverty alleviation.

This activity is financed by the Global Programme, the Trust Fund on LDCs and the Government of the Netherlands.

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INTEGRATED FRAMEWORK FOR THE TRADE AND DEVELOPMENT OF LDCS

Least Developed Countries (LDCs)

A term used by the United Nations to describe the "poorest and most economically weak of the developing countries, with formidable economic, institutional and human resources problems, which are often compounded by geographical handicaps and natural and man-made disasters".

There are 48 LDCs, of which 29 are members of WTO, 9 are observers (of which 6 are acceding) and 10 are non-members of WTO.

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Round Tables

Preparations are under way to organize Round Tables in Gambia and Haiti as a follow-up to the October 1997 WTO High-Level Meeting. The Round Table documents are being finalized by national consultants under the coordination of international consultants. Both Round Tables are scheduled to take place in September 1999.

Helping LDCs Integrate into the Multilateral Trading System

UNDP/UNCTAD workshop on the Challenges of Integrating Least Developed Countries into the Multilateral Trading System, South Africa, 21-25 June 1999

Improving the negotiating position of LDCs in the WTO, in preparation for the forthcoming Ministerial Conference in Seattle. Simplifying the WTO accession process and including non-members in multilateral negotiations.

This workshop gave LDC trade negotiators an opportunity to review a range of issues arising from the implementation of the Uruguay Round Agreements, in preparation for future multilateral trade negotiations. Participants examined the impact of the implementation of these agreements on the sustainable growth and development of their countries and discussed appropriate strategies for the Seattle ministerial conference. To ensure the recognition of their interests by the WTO, they decided to establish a common negotiating position and build coalitions with other developing countries.

Acceding LDCs are being required to make more stringent commitments than those previously applied to LDCs. They have to negotiate every aspect of membership, including special and differential treatment, and the whole process is protracted and burdensome. The workshop decided that a clear and simplified procedure should be established for acceding countries for their membership to be accepted within a year. LDCs seeking accession should automatically have their status recognized and not be subject to commitments that go beyond those of current LDC members of the WTO.

In order to increase their knowledge of the multilateral trading system, LDCs which are not members of the WTO should be allowed to participate in the sessions of its main organs, including the Ministerial Conferences. Even with their weak multilateral bargaining position, LDCs can contribute to the dialogue at the WTO by articulating their interests and formulating specific proposals as part of a positive agenda for future multilateral trade negotiations.

The outcome of the workshop will be a Handbook on WTO Agreements and issues arising from their implementation that are relevant to LDCs.

The workshop is only one of the activities pursued by UNCTAD and UNDP as a follow up to the High-level Meeting on Integrated Initiatives for the LDCs' Trade Development, convened in October 1997 by the WTO, and UNCTAD IX.

ACTING AT A COUNTRY LEVEL

Towards a Consensus on a National Action Plan for Managing Globalization in Pursuit of Sustainable Human Development

Operations at a country level involve assessment studies followed by national workshops to discuss and disseminate the results of the studies. A plan of action for that country is then drawn up.

Missions

Country missions have already been undertaken, with all development actors welcoming the Programme as being timely and supportive of some of their concerns with the integration of their countries into the global economy. In this respect, it was stressed, in the course of various missions, that successful regional integration can be a launching pad for integration into the world economy, with each country outlining its needs and priorities to achieve it. Following the missions, formal requests to participate in the Programme were received.

Country assessment studies

The main purpose of the assessment studies under way will be to provide the basis for policy-making on how to:

- (a) best design steps for the process of integration into the global economy in a manner that is supportive of sustainable human development;
- (b) sequence the processes of integration in the areas of trade, investment and finance;
- (c) organize dialogues and negotiations with global partners (including institutions) at the multinational, regional and bilateral levels on the terms of integration and the management of flows of trade, capital and others factors of production;
- (d) protect vulnerable groups and environmental assets that may be affected by the process of globalization; and
- (e) develop and strengthen the necessary institutional capability to implement the above steps. Based on a common framework, each assessment will focus on particular areas as central themes according to the specific situation and needs expressed by the country.

In developing an action plan, the focus will be on South-South cooperation, including technical cooperation among developing countries (TCDC) in both country assessment studies and follow-up activities. Although the preparation of these studies will be facilitated and coordinated by the UNCTAD secretariat with the assistance of international consultants, national consultants, with the participation of all development actors, will undertake most of the work for these studies. The assessments will be carried out in close cooperation with local UNDP offices and relevant regional and international organizations.

Development actors

Government sector
Private sector
Research institutions
Non-governmental organizations

ASSESSMENT STUDIES

Underway:

Central America

El Salvador, Guatemala, Honduras, Jamaica, Nicaragua

Africa

Botswana, Malawi, Zimbabwe

Asia

Nepal

Forthcoming:

Cameroon, Côte d'Ivoire, Jamaica, Tunisia,

National Workshops

Upon completion of the assessment studies, national workshops will be organised, in close co-operation with local UNDP offices. These will seek to build a consensus among all development partners on the formulation of national action plans. These plans will outline a number of activities to help the country better manage its integration into the world economy. The Global Programme will assist the country in its dialogue with the donor community, and the results of this process will be presented at a seminar during the UNCTAD X meeting, in Bangkok, February 2000.

THE GLOBAL PROGRAMME'S COMMITMENT TO TECHNICAL COOPERATION AMONG DEVELOPING COUNTRIES

Global Programme Steering Committee approves work plan 1999

The first Steering Committee of the Global Programme was convened in Geneva on 8 February 1999, under the chairmanship of the UNCTAD Deputy Secretary General. This was attended by Ms. Eimi Watanabe, Assistant Administrator of UNDP and senior officials from UNCTAD and UNDP. The meeting was held to discuss the work plan for 1999. The Committee was satisfied with the progress made in implementing the programme and suggested advocacy activities to improve understanding in the development community of issues relating to globalization and sustainable human development.

Technical cooperation among developing countries (TCDC) is the main component of many of the activities in the joint UNCTAD/UNDP Global Programme, both at the global and country.

LDCs workshop in South Africa

One major objective of this workshop was to strengthen cooperation among LDCs to present a common negotiating position to the WTO General Council. This session provided an opportunity to exchange experiences on negotiations, especially for countries seeking accession.

Regional policy dialogues

Three regional policy dialogues, to be organized in Asia (September 1999), Latin America (November 1999) and Africa (April 2000) in cooperation with the ICTSD, will allow participants to exchange experiences to better understand the links between globalization and sustainable human development.

Country studies

In carrying out the assessment studies, regional and sub-regional dimensions will play an important role. South-South cooperation, including TCDC, will also be taken into account at the national and sub-regional workshops, to be organized upon completion of the studies.

For comments, suggestions or details on the Global Programme, please contact:

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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Established in 1964 as a permanent intergovernmental body, UNCTAD is the principal organ of the United Nations General Assembly in the field of trade and development. Its main goals are to maximize the trade, investment and development opportunities of developing countries, and to help them face the challenges arising from globalization and integrate into the world economy, on an equitable basis.

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UNITED NATIONS DEVELOPMENT PROGRAMME

Founded in 1965, UNDP is the lead agency of the United Nations on development assistance. UNDP mandate is to help people and countries eliminate poverty, regenerate the environment, create jobs, advance women and governance.

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