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PREPARATORY COMMITTEE FOR UNCTAD XI

Summary of the Hearing with civil society and the private sector

Geneva, 23 February 2004

1. The **Chairperson of the Preparatory Committee for UNCTAD XI** said that the Preparatory Committee had taken note of the interests and concerns expressed by civil society at the Hearing of 16 January 2004 and had considered several civil society recommendations. Member States had agreed that civil society should feel free to comment on the Chairman's pre-Conference negotiating text and that an additional Hearing would be convened in April 2004. He encouraged participants to come up with concrete recommendations.

**Subtheme I: Development strategies
in a globalizing world economy**

Presentations

2. **Mr. Hu Deping, Vice President and Secretary-General, China Society for Promotion of the Guangcai Programme (CSPGP)**, said that his organization engaged in poverty alleviation projects, in association with the Chinese private sector, in poorer areas in central and western China.

3. While globalization had created opportunities for economic growth in developing countries, insufficient attention had been paid to localization of industry in developing countries. Developing countries should support the development of local infant industries and strengthen the localization of

industry with comparative advantages. Developing countries should establish a unified domestic market to allow the development of domestic entrepreneurship. It was also important to create an appropriate investment climate through the full and open exchange of ideas with consumers, the private sector, industry research institutes, experts and the media.

4. In their business strategies, managers should take into account the long-term development of the communities in which they were based through sustainable environmental, employment and labour policies. In a number of cases, multinational firms, by adopting successful local strategies for franchises, had been able to realize large gains while benefiting the communities in which they operated.

5. Finally, UNCTAD should establish a mechanism to allow the sharing of experience relating to the promotion of localization in the overall context of globalization. Such information sharing, between consumers, experts, private sectors, non-governmental organizations and media, could ensure mutually beneficial common development in the context of globalization instead of increasing marginalization.

6. **Mr. Ramon Cardona, Deputy General Secretary, World Federation of Trade Unions (WFTU)**, asked how it was possible to build development strategies if the current neoliberal globalization, entailing an enormous concentration of property, prevented equitable access to the benefits of economic growth. How could sustainable development be achieved in the context of free-flowing financial capital, unrestricted opening to imports of merchandise and capital, bankruptcy of national industries, dollarization or over-valued exchange rates, and the concentration of exports in commodities whose prices were declining, leading to unemployment and the informalization of work, reduction of standards of living and further deterioration in financial solvency at the national level.

7. There was opposition to liberalization of agricultural sectors from the United States and the European Union, but at the same time the financial opening of developing countries for speculative profit was being imposed. This process of uneven opening had led to further deregulation of the economy and the weakening of the State, generating increasing disparities between rich and poor, increased unemployment and reduced opportunities for decent work. The result was that humanity had reached a critical moment that involved serious dangers, where a minority had concentrated control over an enormous proportion of wealth, while impoverished masses could barely survive.

8. In its activities, UNCTAD should: promote a system of international trade with clear, just and equitable rules; implement reform to the international financial system to curb speculative activities; allow increased access of poor countries to new technologies; implement a just and lasting solution to the external debt of the poor countries to make it possible for them to achieve development; and promote the preservation of the environment, protection of decent work and reduction of poverty through sustainable development policies.

9. **Mr. Goh Chien Yen, Third World Network (TWN)**, said that one critical issue in the context of UNCTAD XI was the fear of a change in the original mandate of UNCTAD. The negotiating text for UNCTAD XI evidenced attempts by some member countries to confine the role of UNCTAD to technical cooperation and to reduce its independence. This process was not new, and UNCTAD had been losing ground on several issues, e.g. commodities. He suggested that UNCTAD XI could be a good opportunity to reverse this downward slide, and to reaffirm UNCTAD's critical role in the international debate on development.

10. **Ms. Nicola Bullard, Deputy Director, Focus on the Global South (FOCUS)**, said that the Fourth World Social Forum in Mumbai, (India), had identified a number of major obstacles that

hindered human and social development, including a tangible wakening of recognition of the need to tackle the side effects of globalization, the deep crisis of multilateralism (evidenced by the collapse of the Cancún WTO meeting), deepening resistance to neoliberal policies, especially in agriculture, and a democracy gap that could not be filled by market mechanisms alone. As a consequence, there was an increasing need for people-centred development, including new trade rules, a framework for FDI, debt cancellation, and national economic policies aimed at improving local production capacities.

11. In this context, UNCTAD's commitment to its original mandate would require improved ways of working in respect of promoting debt cancellation, promoting food sovereignty, building local production capacities, and incorporating basic human standards into international agreements.

12. **Mr. Bernard Gerbier, Professor, Pierre Mendès France University**, began by noting a number of urgent economic development needs: technology to increase worker productivity; an integrated strategy of national growth; a selective process of opening and integration focused on mutual benefit; and the development of appropriate institutions to achieve these goals. A successful development strategy needed to be focused on capacity-building in developing countries. In order to satisfy the development needs of the poorest countries, a global framework was needed to support those countries in which domestic political or economic resources were insufficient to create and maintain basic levels of infrastructure. Thus a modern "big push" was needed, assisted by the international community, to address local needs. The development of infrastructure would allow not only larger export platforms but also import opportunities, leading to less friction in multilateral trade and an increasing realization of the mutual benefits of liberalization focused on wealth and job creation. Finally, there was a need for regional cooperation allowing for a realistic assessment of needs and capacities and the phased implementation of shared projects. Large regional initiatives would allow for further reductions in poverty, new profit opportunities for local entrepreneurs, and increasing social security for the populations involved.

13. **Mr. Jorge Eduardo Saavedra Durão, Director General, Associação Brasileira de Organizações Não-Governamentais (ABONG)**, noted that, after the optimism of the neoliberal order after the Cold War, a sequence of crises and conflicts had led to a critical reevaluation and called for a new framework for international governance that allowed greater opportunities for developing countries to establish their own effective development policies. He noted the efforts of the UN at a number of thematic Conferences during the "social cycle" of the 1990s, as well as the recent efforts of civil society and Governments to consolidate fundamental paradigms to promote human rights and address structural inequalities at a national and global level. He called on UNCTAD to promote the elimination of external constraints to enable developing countries to define and implement effective development strategies and to create alternatives to the liberalizing premises that were shaping multilateral, plurilateral, regional and bilateral trade negotiations, notably in agriculture.

Discussion

14. Many participants welcomed the opportunity for dialogue between civil society and Governments. That dialogue should aim at finding a common policy language and thus become a starting point for opening up new prospects for multilateral trade negotiations. Any reference to the perceived willingness of some countries to renegotiate the role and mandate of UNCTAD was criticized as being inappropriate or overstated.

15. In the course of the discussion, several suggestions were made concerning the future role of UNCTAD: UNCTAD should show that sustainable development was a goal for everybody, both developing and developed countries; UNCTAD should respect different ways of organizing economic

activity and coordinate and integrate them all in the world trading system, instead of adhering to a unique model; UNCTAD should promote a switch from the current male paradigm to gender equality, as women would become the majority of the population, and a switch from considering women as vulnerable to considering them as active participants in world markets; UNCTAD should contribute to implementing the UN guidelines for consumer protection worldwide and build transparent markets in developing countries – its activities had so far emphasized the supply side, but the demand side was also crucial for development; UNCTAD should work together with NGOs and farmers' organizations on the issue of agricultural commodity prices, an issue that was not even mentioned in the pre-Conference negotiating text (TD(XI)/PC/3); and UNCTAD should come out of UNCTAD XI with an enlarged, not a reduced, mandate, in particular with a strong commitment to work on agricultural commodity prices.

Sub-theme II: Building productive capacity and international competitiveness

Presentations

16. **Mr. Talal Abu-Ghazaleh, Chairman and CEO, Talal Abu-Ghazaleh Organization (TAGO), and Vice Chair of the UN ICT Task Force**, emphasized the crucial importance of education in capacity building and called on UNCTAD to consider giving education greater emphasis in the pre-Conference negotiating text or making it a separate theme. UNCTAD should play a leading role in the preparations for the second phase of the World Summit on the Information Society (WSIS), to be held in Tunis in 2005, including monitoring the implementation of the Plan of Action adopted during the first phase of WSIS. UNCTAD should participate actively in the current discussion on Internet governance and ICT for security, in close collaboration with the UN ICT Task Force and the ICC, and it should assist developing countries in the design of ICT policies and in the development of e-business capacities. It should devise a proposal for a special drawing right (SDR) system in support of the global solidarity fund to help bridge the "digital divide", and it should carry out policy research into other new and emerging technologies, such as bioinformatics, nanotechnology and biotechnology, with a view to helping developing countries formulate relevant policies in these areas.

17. On the issue of investment, greater attention should be given to measures that helped to domicile national capital. On the issue of regional approaches, he called on UNCTAD to re-establish its activities focusing specifically on the Arab region. The Arab Regional Network (ARN) of the UN ICT Task Force would be ready to work with UNCTAD on paragraphs 77-80 of the pre-Conference negotiating text, and TAGO was ready to participate as a private sector partner. Lastly, wealth creation did not automatically translate into social benefits, and he called on UNCTAD to address the social dimension in its work on globalization. He was making available to the Preparatory Committee a background document on how ICT could contribute to enhancing productivity and business competitiveness in developing countries, from the business perspective

18. **Mr. Abdesslem Mansour, Chairman and Director-General, Foreign Investment Promotion Agency of Tunisia**, addressed the issue of FDI and competitiveness, and especially policy measures that developing countries could adopt to maximize the benefits of FDI. It could be seen from the example of Tunisia that such policy measures included targeting long-term investment, promoting technology transfer, and promoting export competitiveness. It was also important to build up a skilled labour force, undertake structural reforms to upgrade private companies and public administration, and make exports a key element of economic policy. He emphasized the importance

of attracting FDI in high value-added and innovative projects as a measure to build up competitiveness in the long run. To this end, countries should undertake benchmarking studies to identify those sectors and subsectors where they enjoyed comparative advantage and attract FDI accordingly.

19. **Mr. Bruno Link, Economic and International relations, Nestlé S.A.**, speaking on behalf of **the International Chamber of Commerce (ICC)**, presented the experience of ICC in contributing to the development of productive capacity and international competitiveness in developing countries. For its part, Nestlé had 229 factories in more than 60 developing countries, some of which exported finished products. In the area of transfer of know-how, Nestlé provided on-the-job training, as well as special courses. In some countries, it offered employees the opportunity to upgrade their basic literacy skills. On the issue of investment conditions, certain requirements were important for Nestlé: the possibility to choose majority ownership and full management control of local subsidiaries, adequate remuneration for the transfer of technology (technical assistance fees and royalties) and free transfer of profits. For a food company, the availability and development potential of agricultural raw materials was also an important condition for investment. Smaller countries were disadvantaged, as companies tended to take advantage of economies of scale, and regional trade was therefore important. He called for the continuation of WTO negotiations, with a focus on improving market access for agricultural and industrial products from developing countries, reducing trade-distorting subsidies, and removing non-tariff barriers.

Discussion

20. A number of speakers supported the proposal that UNCTAD should play a leadership role in the global debate on the digital divide and Internet governance, especially in light of the considerable expertise UNCTAD had built up in the areas of ICT and e-commerce. They welcomed the opportunity for UNCTAD to work closely with the UN ICT Task Force on these issues and in the preparation of the second phase of WSIS.

21. Several speakers highlighted the importance of domestic investment, and urged UNCTAD to direct thinking in this regard. It was important to address measures that developing countries should adopt to encourage and capture capital within their countries, as well as measures for repatriation/remittance of money to its country of origin. A number of speakers pointed out that small and medium-sized enterprises in developing countries were responsible for up to 80 per cent of job creation, yet they faced multiple barriers. In this context, UNCTAD should assist developing countries in identifying measures that helped create an enabling environment for SMEs, including the use of micro-financing, which was key to the development of SMEs at certain important stages. UNCTAD should continue the multi-stakeholder approach in its work, and provide a forum for ongoing dialogue between small enterprises and large corporations.

22. On the issue of FDI, several speakers highlighted the importance of the quality of FDI, and urged UNCTAD to help developing countries establish well targeted policies that helped to attract the right kind of FDI, which would bring new technologies and create jobs. One speaker noted that many LDCs and African countries had not been successful in attracting FDI, despite their efforts. He argued that UNCTAD and organizations such as the ICC had a role to play in encouraging FDI flows to LDCs.

23. On the issue of technology transfer, several speakers called on UNCTAD to carry out policy research to identify how SMEs could acquire technology to build up their competitiveness. It was proposed that UNCTAD address the social responsibility of TNCs within the framework of economic development in host countries, especially with regard to the transfer of technology. One speaker stated

that, whilst the issue of technology transfer was dealt with implicitly in TRIPS, there were no disciplines to impose technology transfer in the way intellectual property rights were imposed. UNCTAD should call for the establishment of such disciplines.

24. A number of speakers highlighted the essential role of education in capacity building, and pointed out that UNCTAD needed to cooperate with UNESCO in this area. It was not possible to address ICT capacity building when countries lacked basic literacy. Higher education was also important in building up long-term competitiveness. In this regard, North-South and South-South university partnerships were important. On the issue of a skilled labour force and FDI, one speaker raised the question of how to ensure that education served the needs of development. He argued that currently government ministries tended to operate in isolation, and as a result education was not always relevant to development needs. Governments should adopt an integrated approach in their operations.

25. Several speakers highlighted the importance of partnership as a cross-cutting issue relevant to all four subthemes. They also welcomed the proposal to reinstate UNCTAD's activities focusing specifically on the Arab region.

26. Civil society participants expressed appreciation for UNCTAD's efforts to expand the dialogue between civil society, Governments and the private sector in respect of building the productive capacity and international competitiveness of developing countries, and hoped that UNCTAD XI would provide concrete opportunities for a continuation of that dialogue. In this context, subthemes 2 and 4 were interrelated, since multi-stakeholder cooperation was needed for the achievement of development goals. It was suggested that UNCTAD XI should also provide a forum for academic experts to discuss capacity building and human resource development in developing countries, and that UNCTAD member countries might help in financing NGO participation in UNCTAD XI.

Subtheme III: Assuring development gains from the international trading system and trade negotiations

Presentations

27. **Ms. Ascofaré Ouleymatou Tamboura, 6th Vice-President, National Assembly of Mali, and representative of the Inter-Parliamentary Union (IPU)**, pointed out that trade was an important factor in development and in the reduction of poverty. WTO was making an important contribution in this regard by facilitating access to markets and generating trade that brought foreign direct investment and technology. Realizing the development gains from trade depended on an equitable environment in international trade based on negotiated agreements and multilateralism. To achieve a fair system in international trade, a number of elements were essential. Firstly, there should be a better understanding among developing countries of the Doha agenda negotiations, as participation in the negotiations required in-depth knowledge about the WTO and its agreements. Mali, for example, was participating in the negotiations, and Parliamentarians were also increasingly involved, but information dissemination and awareness remained a priority, along with capacity-building assistance. Secondly, revisions to agreements should be negotiated where needed and possible. Thirdly, it must be ensured that countries were implementing their obligations. And lastly, a system should be instituted for easier access to essential medicines and technology transfer. UNCTAD XI should contribute to addressing some of these key development issues.

28. Two issues deserving particular attention were agricultural reform and access to essential drugs. In respect of agriculture, developed countries that subsidized their agriculture should commit to eliminating these subsidies rapidly, including those provided by the United States and EU to their cotton producers. It was crucial to respond adequately to the cotton initiative of Mali, Chad, Burkina Faso and Benin, where cotton accounted for about 30 per cent of export revenues, yet owing to massive subsidies in developed countries, cotton export receipts had dropped by 31 per cent in 1999-2003. On the matter of essential drugs for HIV/AIDS, drugs became accessible if prices were affordable, if there was an effective health care system, and if financing was available to fund R&D. AIDS not only threatened public health, but also aggravated poverty and was fast becoming a development catastrophe. Pharmaceutical laboratories should not only provide low-cost anti-retroviral drugs in AIDS-ravaged sub-Saharan Africa, but should also supply drugs for treatment of non-contagious diseases like cancer, diabetes and asthma. Public health systems needed to be reinforced, and trained doctors migrating to the developed countries must be encouraged to return to their home countries. A flexible system of permit/contract work of one to three years must be put in place to allow the free movement of trained medical personnel everywhere in the world, and this could be undertaken effectively in the context of Mode 4 of the GATS on a South-South and North-South basis.

29. **Ms. Daniela Perez Gavidia, Center of Concern**, speaking on behalf of the **International Trade and Gender Network (IGTN)** and **CIDSE/Caritas**, said that international trade was important for development. It could promote poverty eradication, gender equality, the right to food and social and economic well-being. Concerning the pre-Conference text (TD(XI)/PC/3), she welcomed the incorporation of views long expressed by civil society, for example that market forces alone could not achieve sustainable development, that a 'one size fits all' approach to trade and investment policy-making was not useful in responding to countries' unique circumstances, and that developing countries often had to bear overwhelming adjustment costs. The pre-Conference text made special mention of the gender dimension, but greater substantive efforts were needed to fully understand the different links between gender and trade. The gender equality implications of globalization and trade liberalization deserved special consideration because these factors often contributed to gender inequalities in terms of access to resources, power and decision-making between men and women in society.

30. The text should include language on protecting small farmers, including removing food security crops from tariff reduction commitments and raising tariffs (para. 81); the need to clarify what essential services were (para. 83); prioritizing and strengthening special and differential treatment, going beyond extension periods for developing countries (para. 86); addressing supply-side constraints in LDCs (para. 87); the need for all WTO members, not just developing countries, to give priority to reducing poverty and gender inequality (para. 96); supporting fully UNCTAD's role in building export capacity (para. 101); strengthening the development dimension in rule-making on intellectual property and TRIPS (para. 107); and analysing the linkage between trade and women (para. 111).

31. **Mr. Nagesh Kumar, Director General, Research and Information System for the Non-Aligned and Other Developing Countries (RIS)**, said that development prospects in developing countries were adversely affected by growing asymmetries in the current world trading system and the decision-making processes that drove it. Developing countries had undertaken substantial liberalization commitments under the Uruguay Round with respect to intellectual property rights, investment and trade in services, against the promise, which had remained unfulfilled, of additional market access in developed countries in agriculture, textiles and clothing, and movement of natural persons. The Agreements on TRIPS and TRIMs had resulted in significant income transfers from

developing to developed countries, and crowded out much needed policy space and implementation flexibility – key prerequisites for ensuring that development gains were fully captured, equitably distributed and efficiently used. Trade and development opportunities in developing countries were impeded by continued maintenance of high levels of domestic support measures and export subsidies in developed countries; tariff peaks and tariff escalation; dirty tariffication; backloading of market access commitments; and the proliferation of environmental and food safety standards. In addition, the decision-making process in the WTO was asymmetric. This was evident from the preparatory process for the draft ministerial texts for the Cancún Conference, which had systematically attempted to take on board only the proposals and views articulated by the Quad countries.

32. The collapse of the Cancún WTO Ministerial Conference and the continuing deadlock in the negotiations raised a question mark on the sustainability of the system in its present form. The reform of the international trading system and the WTO decision-making process was necessary to restore popular confidence in the system and make it more development-friendly, equitable and balanced. UNCTAD XI presented an opportunity to the international community to develop elements of such a reform. The reform agenda included: the appointment of an independent commission to review the development impact of the Uruguay and Doha rounds before moving forward; reform of the decision-making process in WTO to make it more democratic, participatory, all-inclusive, open-ended, and transparent; making the WTO secretariat broad-based and representative; establishment of a WTO Watch Dog for developing countries to assist them with compliance issues and seek redress under the existing framework, e.g. through dispute settlement; providing and strengthening technical, legal and financial assistance to empower developing countries to implement their obligations, including through JITAP and the Doha Development Agenda Global Trust Fund; and mobilizing and adopting a strategy for 'trilateral South-South cooperation' involving cooperation among developing countries with the support of a multilateral agency or donor country. In addition, proactive initiatives by developing countries, with UNCTAD's support, could be considered in respect of proposed framework agreements on S&D treatment, transfer of technology, and the movement of natural persons; phasing out subsidies and investment incentives by developed countries; using the economically active population dependent on agriculture as a criterion in S&D provisions; and establishment of a *sui generis* system of protection of traditional knowledge and genetic resources under the TRIPS Agreement.

33. **Mr. Navin Dahal, Research Director, South Asia Watch on Trade, Economics and Environment (SAWTEE)**, said that the WTO accession process was long, onerous, procedurally cumbersome and taxing, especially for LDCs. The experience of Cambodia, Nepal and Vanuatu bore that out. This problem was compounded by the ambiguity surrounding Article XII of the Marrakech Agreement, with no procedural guidance for negotiating terms of accession. Developed WTO member countries were seeking extra concessions, as well as imposing 'WTO plus conditions' on accessing LDCs. The result was that Nepal and Cambodia were the only two LDCs that had been admitted to WTO membership through the accession process since the creation of the WTO.

34. In order for WTO Members to simplify and accelerate the accession of LDCs in practice, a number of conditions should be fulfilled: Article XII of the Marrakech Agreement should be interpreted through clear guidelines detailing transparent criteria for accession, with specific provisions for LDCs; LDCs should be asked only to make commitments commensurate with their level of economic development, capacity, and trade and financial needs; LDCs should not be required to undertake commitments greater than those made by founding LDC members of the WTO; special and differential treatment should be applicable to all LDCs from the date of entry into force of their respective Protocols of Accession; special and differential treatment must be made mandatory and subject to dispute settlement; LDCs should be provided with technical assistance by developed

countries to implement their commitments; LDCs should not be required to make commitments on subsidies and tariffs in agriculture; and LDCs should have access to a simplified safeguard mechanism.

35. **Ms. Janice Goodson Foerde, Chairperson, G&T Coordinator, International Coalition for Development Action (ICDA)**, speaking on behalf of ICDA and KULU-Women and Development, Denmark, said that UNCTAD XI could make a strategic contribution to international trade and development following the setback at the Cancún WTO Ministerial Conference, just as UNCTAD X had done following the Seattle WTO Ministerial Conference. On the fortieth anniversary of UNCTAD, it was critical to focus UNCTAD's work on promoting a just system for trade and development that incorporated social and gender equity and sustainable development. UNCTAD's valuable analytical and consensus-building activities should be strengthened, as should its work on monitoring and assessing trade policy impacts. UNCTAD should take on a proactive role in trade policy formulation and development. Concerning the pre-Conference text (TD(XI)/PC/3), it would be important to assure "gender-sensitive development gains" from the international trading system and trade, as noted in paragraph 96. To that end, gender-sensitive socioeconomic impact assessments of trade policies should be implemented, including as a tool to be embedded in national PRSPs. UNCTAD had a lead role to play in this regard as manager of the United Nations Inter-Agency Task Force on Gender and Trade. The work of that task force should include encouraging systematic cooperation between civil society and policy makers, promotion of the use of gender-analysis and gender issues in trade negotiations, and increased participation of women in trade negotiations. Coherence between trade and financial policies was also important, as both could promote or impede development. Finally, the UNCTAD work programme should accord special and differential treatment greater emphasis and should promote dealing with it in a more concrete and operational way in the Doha work programme.

36. **Mr. Antoine Brawand, Professor, Graduate Institute of Development Studies (IUED)**, said it was important to strengthen UNCTAD's role as the principal organization in the United Nations system for the integrated treatment of trade and development and interrelated issues. There had been a regrettable loss of influence on the part of UNCTAD since the debt crises of the 1980s and the establishment of the WTO in 1995. This trend must be reversed at UNCTAD XI. However, the pre-Conference text (TD(XI)/PC/3) treated UNCTAD's role in vague terms and thus needed to be reformulated. UNCTAD had had a positive influence on the world trading system, introducing such innovatory concepts and instruments as the non-reciprocity principle, special and differential treatment, and the integrated programme for commodities. These instruments of development had not, however, been exploited sufficiently due to their slow implementation by countries. Increasingly, world trade must be placed at the service of development. Neglecting development interests would impede the Doha negotiations, as witnessed at the 5th WTO Ministerial Conference in Cancún. UNCTAD should address those issues on which members could not reach consensus within the WTO, and improve the negotiating environment. More in-depth analysis and, if necessary, negotiations should be carried out on the persistently low commodity prices and the deteriorating terms of trade of developing countries.

Discussion

37. A number of participants said that the role of UNCTAD in trade and development should be strengthened and a broad mandate maintained, i.e. not confined to technical assistance or to limited areas. Developing countries needed to gain and retain policy space to implement rules and undertake liberalization at a pace and manner that served their development needs. Policy coherence was

required within nations and between nations and development institutions. Sustainable development was a common goal of both developing and developed countries.

38. Mode 4 and migration could be important sources of development gains from trade. However, they also had adverse effects, in particular by rendering women vulnerable. Women who moved abroad to supply services often suffered discrimination and abuse. Women who remained at home when their spouses moved abroad to provide services also suffered abuse, bore the full responsibility for their children and families, and were dependent on their spouses to provide them with finance. Thus, the treatment of movement of labour should be examined and addressed from the perspective of both gains (or profit) and the potential adverse impact, particularly on women.

39. UNCTAD XI should reaffirm the need for further work and analyses on commodity issues, including mechanisms to stabilize prices obtained by farmers. Lessons could be drawn from practical case studies and alternative practices, such as fair trade and micro-finance.

40. It was suggested that UNCTAD XI should highlight the importance of competition policy in ensuring that the benefits of trade liberalization were realized. While the emphasis of the debate and proposals for UNCTAD XI was on the supply side of economic activity, market economies could not thrive through supply alone. A strong emphasis in UNCTAD's work on building fair and transparent markets in developing and developed countries was necessary. Two key elements for achieving this were consumer and competition policy. Many countries still did not have coherent consumer and competition legislation. Competition regulation also had a strong international dimension, and the impact of international cartels was often particularly severe upon developing countries. It was unlikely that the problem of international cartels could be taken forward in the WTO in the near future. UNCTAD was the most practical home for further work in this area.

Subtheme IV: Partnership for development

Presentations

41. **Mr. Guido Glania, Federation of German Industries**, also speaking on behalf of the **Union of Industrial and Employers' Confederations of Europe (UNICE)**, said that European business was a partner for development, and through trade and foreign direct investment companies created jobs and transferred technological and business know-how. Partnerships between companies and development cooperation institutions were a very promising new pillar for development cooperation.

42. Each country had primary responsibility for its own economic and social development. The role of national development strategies and particularly good governance could not be overemphasized. The private sector could only play its role when policymakers assumed their responsibility and were committed to sustainable development through good governance. A business-friendly climate was key to development. World Bank studies proved that heavy regulation and bureaucracy were in many developing countries an important impediment to growth and poverty alleviation. He underlined the devastating role of corruption, which was in many developing countries a major impediment to poverty alleviation. After the failure of WTO negotiations in Cancún, UNCTAD XI could provide an opportunity to promote a new dialogue between WTO members, since it was a forum designed to foster the understanding of trade and investment as an engine for economic progress and poverty alleviation. All WTO members should engage in tariff dismantling to facilitate South-South as well as North-South trade. Non-tariff barriers were particularly detrimental for SMEs and companies in developing countries. The Doha-Round should be used to foster the application of

international standards as developed by the ISO, and UNCTAD could play a crucial role in promoting this debate. Trade facilitation was an important opportunity to enhance export competitiveness, and negotiations should be launched on this issue. He underlined the need for complementary technical assistance. Special and differential treatment was important, but the discussion about S & D should not be misused to release developing countries from commitments that were to be an integral part of a sound development strategy, e.g. customs modernization and transparent government procurement.

43. **Mr. François Mercier, Bread for All**, proposed a new partnership for financial stability and investment. Recent financial crises had disproportionately affected poor countries in terms of economic and social costs. There was a correlation between those crises and financial liberalization, and the proposed new partnership should promote financial stability. The aim was to conduct research and establish a dialogue on reforming the international financial system with a view to reducing financial volatility. In order to do that, support should be given to productive FDI and to preventive measures, such as a currency transaction tax and more autonomy for developing countries in controlling capital flows. The private financial sector in developed and developing countries should be involved in the partnership, assuming corporate responsibility in the development of emerging markets.

44. **Mr. Talal Abu-Ghazaleh, Chairman and CEO, Talal Abu-Ghazaleh Organization (TAGO), and Vice Chair of the UN ICT Task Force**, said that the ICT for Development (ICT4D) partnerships that would be launched at UNCTAD XI would involve practical examples of business applications of ICT. The applications included activities to enable developing countries to take full advantage of free and open-source software; an e-tourism initiative to give countries the technical means to promote, market and sell their tourism services online; activities to improve the access of SMEs to finance and e-finance, mainly for short-term working capital and trade requirements; a programme to identify a set of core (and comparable) e-measurement and ICT indicators that could be collected by all countries; and UNCTAD's participation in the Global ePolicy Resource Network (ePol-NET). The UN ICT Task Force itself was an excellent example of a partnership approach to the spread of ICT in developing countries.