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**PREFACE**

Ministers of the Asian Group of the Group of 77 and China, having met in Beirut, Lebanon, from 11 to 12 August 1999, adopted the Lebanon Declaration 1999; the Ministerial Statement on economic cooperation among developing countries; and the Ministerial Decision on the Group of 77 Plan of Action for UNCTAD X, all of which are contained herein. They also agreed that the texts should be transmitted as the substantive outcome of the Meeting by its President, H.E. Dr. Nasser Saidi, Minister of Economy and Trade of Lebanon, to the Ninth Ministerial Meeting of the Group of 77 and China, to be held in Marrakesh, Morocco, 13-16 September 1999.

## I. LEBANON DECLARATION 1999

1. We, the Ministers of the Asian Group of the Group of 77 and China, met in Beirut, Republic of Lebanon, from 11 to 12 August 1999, to review international developments and the economic and social situation as it has evolved since the ninth session of the United Nations Conference on Trade and Development (UNCTAD), and to prepare for the forthcoming tenth session of the Conference, to be held in Bangkok, Thailand, in February 2000. We express our deep appreciation to the Government of Lebanon for hosting our Ministerial Meeting.

### **Globalization -- Our experience**

2. The impact of globalization has been mixed. A number of countries have been able to make significant economic and social progress. However, this is not the experience of all countries, as the differential reach and impact have generated economic asymmetries, at both the global and national levels, and pose new challenges to our development aspirations. Many developing countries, including the least developed countries (LDCs), landlocked countries and small economies, have faced difficulties in their efforts to integrate effectively into the world economy, and consequently risk marginalization. More definitive and focused programmes of capacity-building, including human resource development, long-term concessional finance and access to technology, are needed to enhance their participation in international trade and investment.

3. We see globalization as a powerful and dynamic force for strengthening cooperation and accelerating growth and development. It presents opportunities, as well as risks and challenges. Globalization is a process which can be uneven and unpredictable, but if it is properly harnessed and managed, the foundations for enduring and equitable growth at the international and national levels can be laid. The spread on a large scale of economic activity, technology and capital across borders in search of new opportunities is a force to be harnessed by countries seeking to integrate into the world economy and to accelerate their development. National efforts need to be complemented by intensified international cooperation in order to manage the risks, overcome the challenges and seize the opportunities created by globalization.

4. Open markets have underpinned world economic growth in the post-war period, and a number of Asian economies have experienced periods of successful export-led growth. It is now two years since the Asian financial crisis erupted. The economic outlook for Asian economies is beginning to improve, and a certain level of stability has returned to the crisis-hit economies. However, the deflationary impact of the crisis still lingers, particularly with respect to the problems of social safety nets and low commodity prices.

5. We welcome the contribution of the international financial community in support of the Asian recovery, including recent initiatives. A supportive external environment in terms of open markets would sustain structural reforms and help restore investor confidence and a return of long-term capital flows for sustainable growth.

6. The Asian crisis has focused attention on the risks of globalization and liberalization and provides lessons for all of us. We are deeply aware that brief periods of financial instability can reverse years of development progress. The crisis highlighted the need for prudent and sound economic management, strong financial systems with improved supervision and regulation, strengthened corporate governance and improved transparency and disclosure standards. The financial crisis has also reinforced the need for serious global efforts to establish more stringent rules and regulations on short-term capital flows in order to maintain and promote stability in the international financial system. These efforts include the strengthening of the "lender of last resort" function and the establishment of mechanisms through which multilateral financial institutions, regional banks and

institutions, and major economies can rapidly restore calm to financial markets in the event of a crisis. On the policy front, there is a need for greater pragmatism on such issues as appropriate fiscal and monetary policies and the sequencing of reforms. Long-term development policy considerations should not be conditions attached to external finance intended to address crisis situations.

### **Managing globalization**

7. We call on the international community to consider a new approach to international development cooperation based on growth, stability and equity, with the full participation and integration of developing countries into the globalizing world economy. The success of our national efforts requires supportive international frameworks, premised on a new development policy consensus that incorporates lessons learned from recent experience. This new policy should aim at the creation of more equitable and effective international economic structures in finance, trade and transfer of technology, as well as adequate development cooperation to address the endemic problems of the developing countries, especially debt and transfer of resources; financial vulnerability; declining terms of trade, particularly in primary commodities; and restricted access to developed country markets. To this end, there is a need for greater coherence in global economic policy-making and more participatory decision-making. Greater coordination, coherence and concerted action are also needed among international institutions, particularly in times of crisis, to promote growth and development in developing countries.

8. We recognize the compelling need for the creation of a conducive international environment for sustained economic growth and sustainable development, in order to avoid the marginalization of a large part of the world's population, especially women and children and other vulnerable groups, and to ensure equal opportunities for all. In this respect, the need for constructive development dialogues between developed and developing countries has become even more vital and critical than ever. Such cooperative partnerships would help ensure that global initiatives and measures were consistent with the development goals and strategies of the developing countries.

9. South-South cooperation at the regional, subregional and interregional levels is important for linking our economies into viable economic spaces necessary for stimulating dynamic trade and investment growth. It can also be an effective means of softening the adverse impacts of globalization. Subregional agreements that enable developing countries to improve their efficiency and eventually to compete in world markets should be encouraged. We expect to take up these issues at the highest political level at the South Summit in the year 2000.

10. We recognize the need to work towards a new development policy consensus in forthcoming major conferences and summits. We are pleased that preparations are under way for an international conference on financing for development under the auspices of the United Nations in the year 2001. We also look forward to developing an agenda and work programme which are meaningful and appropriate for developing countries at the upcoming Third Ministerial Conference of the World Trade Organization (WTO) in Seattle. We anticipate that the Third United Nations Conference on the LDCs in 2001 will formulate new strategies and an action plan for the sustainable development of the least developed and landlocked countries, and small economies, up to 2010. These initiatives, and the full and expeditious implementation of the agreed commitments and outcomes of the major United Nations conferences and summits of the 1990s, could significantly improve development prospects in the immediate future.

11. We are confident that the United Nations Millennium Assembly to be held in September 2000 will help prepare the Organization to meet the major challenges and needs of the world community in the twenty-first century. The world's leaders will have the occasion to reaffirm their commitment to

human solidarity and security and to enhancing cooperation among developed and developing countries, including narrowing the knowledge and resource gaps to meet the challenges of an electronic society and of the increasingly knowledge-based economies in the new millennium.

#### **The way forward**

12. The international community must act together to better manage the process of globalization. Sustained growth in the world economy requires stimulation of growth in the developed economies. We are convinced that developing countries can also make significant contributions to sustaining international trade and sustainable growth of the world economy. Whereas many of our countries are liberalizing our trade regimes to that end, we do not see a similar trend among our developed trading partners, especially in products of export interest to the developing countries, particularly in the area of textiles and clothing. We therefore call for the full implementation of the Uruguay Round Agreements in letter and spirit, particularly the Agreement on Textiles and Clothing and the Agreement on Agriculture; the special and differential treatment of developing countries; and the resolution of problems encountered by developing countries in implementing certain other agreements. Implementation issues should be urgently addressed and resolved by the Seattle Ministerial Conference or the soonest thereafter. Any new negotiations should be in the interest of developing countries. We recommend further restraints on the abuse of such measures as antidumping, countervailing duties and safeguard actions, and on the use of voluntary export restraints and other new protectionist trends and barriers in the guise of environmental and social standards. The imbalances and asymmetries that have become evident in the course of implementation of the WTO Agreements should also be redressed. These include undue demands on developing countries' administrative and institutional capacities, non-implementation of special and differential treatment provisions and the excessive curtailment of developing countries' ability to pursue policy instruments that promote development.

13. We will collectively pursue a positive agenda for future multilateral trade negotiations, as decided by the WTO, and urge that further trade liberalization should respond to the priorities of the developing countries, including in such areas as agriculture (where non-trade concerns are important); services (where an attempt should be made to further liberalize sectors of special interest to developing countries and the movement of natural persons); and the reduction of tariff peaks and escalations and of subsidies. These negotiations should also pay particular attention to such issues as terms of trade, transfer of technology, safeguards for developing countries, credit for autonomous liberalization, export finance, commodity markets and the integration of the developing countries into the multilateral trading system on equitable terms.

14. Any linkage between trade and environmental and social standards is unacceptable, and the issue of environmental and labour standards should be dealt with only by the competent bodies.

15. Given the different stages of development and the inequitable international playing field, the same provisions and obligations cannot be applied to developed and developing countries at the same level and time. We are therefore convinced of the need for differential and more favourable treatment of developing countries in order to help overcome transitional costs and allow time for achieving development goals and enhancing competitiveness. The transition to the application of general obligations may be expedited by capacity-building, enhanced market access and measures taken by industrialized countries to encourage their enterprises and institutions to transfer technology and know-how and invest in developing countries.

16. We are further convinced that the international community needs to expand technical cooperation and provide support to overcoming supply-side deficiencies and improving the trade infrastructure in developing

countries, particularly the LDCs, landlocked countries and small economies. There is a need to strengthen the export sector and stimulate the positive contribution which the commodity sector can make to development, and the international community is urged to further support the Common Fund for Commodities, including fulfilment of the pledges for contributions. Implementation of activities within the integrated framework for trade-related technical assistance endorsed by the 1997 WTO high-level meeting on LDCs' trade development needs to be accelerated.

17. The universality of the World Trade Organization should be realized as soon as possible in order to strengthen the multilateral trading system. We strongly believe that appropriate assistance should be made available to countries seeking accession, and urge that all WTO members refrain from placing excessive or onerous demands on their applications. Non-WTO member countries should be given every opportunity to achieve rapid accession on terms which do not exceed the commitments of developing country members and LDC members of WTO. A fast-track accession process, particularly for the LDCs, is needed.

18. We welcome the \$70 billion debt relief plan of the G-7 countries as a step towards alleviating the rising debt burdens of heavily indebted and other poor developing countries; that plan needs to be implemented speedily, from additional resources, to give real hope to the world's poorest countries. We also urge developed countries to reverse the sharp decline in official development assistance levels, which have reached an all-time low. We reiterate that the agreed principle of non-conditionality should be followed when development assistance is provided.

19. We welcome the high degree of consensus that has emerged on the need to reform the international financial architecture and urge its early implementation. We emphasize that the reform of the international financial system must be addressed through a more inclusive consultative process, with increased participation of developing countries.

20. Recognizing the important role and contribution of foreign direct investment (FDI) to our growth and development, we welcome investment in productive activities in our economies, both to create jobs and share skills, technology and know-how with our peoples, and to do business and form partnerships with our enterprises so that all enterprises can be globally competitive. We see benefits in the exchange and review of the experiences of those countries that so desire in formulating policies and strategies for attracting FDI and enhancing competitiveness and the overall impact on development. There is a need to promote cooperation among our investment promotion agencies, and we attach priority to technical assistance for expanding FDI flows to developing countries, especially the least developed. We also encourage the development of viable and internationally competitive enterprises in developing countries, particularly small and medium-sized enterprises (SMEs), and we will continue to support cooperative arrangements for enterprise networking across regions and subregions.

21. We should like to see further study of issues related to the development dimensions of international investment agreements and an empirical analysis of how well existing agreements are working at the bilateral, regional and multilateral levels. The study process should be accompanied by a process of training and learning, involving discussion between public officials and investors. There is a continuing need to deepen understanding of the activities of transnational corporations (TNCs). There is a need to study innovative measures that can enhance the contribution of TNCs to development, *inter alia*, through the adoption of a code of conduct for TNCs and the creation of backward and forward linkages between foreign affiliates and local firms. We see a notable corporate trend towards the adoption of conscious policies to improve the quality and content of investment in developing countries. This process should be recognized and encouraged, and the record of company developmental efforts should be periodically reported,

perhaps through the creation of a corporate development index.

22. The information revolution is transforming the conduct of business. The capacities of developing countries to participate effectively in electronic commerce need to be strengthened. In this regard, efforts are needed to facilitate the access of developing countries' enterprises to global information resources need to be strengthened. In addition, there is a need for analysis of the implications for developing countries of the fiscal, legal and regulatory aspects of electronic commerce, *inter alia*, in order to enhance their competitiveness in trade of goods and services.

23. We reiterate the importance of expanding the opportunities and channels for transfer of technology and know-how to developing countries. There is a need to analyse the impact of existing multilateral trade agreements on access to technology. There is also a need to implement commitments, embodied in existing international agreements, related to the transfer of technology and the building of technological capabilities in developing countries. In this context, we urge the developed countries to fulfil the obligations undertaken in the relevant Uruguay Round Agreements. The international community should also consider establishing facilities to assist developing countries in assessing their technology needs, identifying technology suppliers and concluding mutually beneficial technology deals and partnerships, in such areas as information technology, biotechnology and environmentally sound technologies. In addition, there is a need for continuing analysis of technology issues, including the implications of legal protection of the results of biotechnological research and the effects of the proprietary nature of telecommunication standards for the transfer and diffusion of technology and scientific information. We believe that the transfer of technology should not be restricted on an arbitrary or discriminatory basis, especially to developing countries. Rather, the international community should establish principles and guidelines for the sharing of knowledge and technology for development.

24. We attach importance to the effective participation of developing countries in the process of international standard-setting. Work in the areas of international accounting standards and competition law and policy should be continued and extended to other areas of corporate governance, such as the reporting of reliable, comparable and transparent financial information, transfer pricing, anti-competitive practices and competition. Mega-mergers can lead to more concentrated markets, making entry difficult and affecting competition. There is a need to tackle aspects of corporate governance in order to maintain global balance and safeguard market entry and access to international networks and technology markets for developing country enterprises, especially SMEs.

25. It is essential to ensure equity, and mutuality of benefits, for all countries and peoples. A globalized economy should ensure economic equity and social justice. This can be realized only if the structural disadvantages confronting the developing countries are addressed through such measures as debt structuring, provision of adequate long-term concessional finance, market access, and access to technology. In addition, we must advance on environmental and social issues, since improved social and environmental indicators are integral elements of our developmental objectives. We are of the view that this can best be achieved by pursuing the integrated approach adopted by the United Nations conferences on social, environmental and developmental issues and by fulfilling the international commitments that were solemnly undertaken at those conferences. We strongly reject any attempts to link market access and capital flows to the attainment of arbitrary environmental and social objectives.

#### **UNCTAD's engagement**

26. To pave the way forward, the capacities of UNCTAD should be brought to bear in defining a new paradigm based on sustained economic growth and sustainable development and providing orientations for development strategies and policies of the future. The increasingly knowledge-based global economy and information age are making new demands on developing countries with



respect to enhancing competitiveness and supply capacity. Market access is becoming more complex, requiring supportive investment policies and trade efficiency measures. International rules and technical standards are evolving, and not necessarily in conformity with the development needs and objectives of developing countries. UNCTAD should contribute to more effective and coherent responses to the changes under way in the global economy that have potentially profound implications for development.

27. UNCTAD has a vital role to play in shedding light on emerging trends and shaping policies in the increasingly interrelated areas of trade, investment, technology and finance and on such issues as providing greater market access, easing the debt burden, and promoting financial flows, FDI, technology and capacity-building for human resources. UNCTAD should continue to provide assistance to developing countries in the analysis of international trade issues and the formulation of their positive agenda for deliberations in the WTO. UNCTAD should also provide analytical inputs to the discussions of the reform of the international financial architecture and measures to deal with future crises, including mechanisms for monitoring short-term capital flows. The analysis could also cover the role of international financial institutions, particularly the need for proper coordination among these institutions in dealing with financial crisis. Such contributions facilitate the effective participation of developing countries in multilateral discussions and negotiations.

28. UNCTAD's technical cooperation activities are an essential complement to its analytical and normative work, providing practical and direct benefits to recipient countries and also serving as a conduit for the assimilation of development experiences at the country and regional levels into more coherent and development-friendly policy approaches at the international level. Technical cooperation activities, encompassing policy advice, training and capacity-building programmes, should be demand-driven and emanate from the core competencies of UNCTAD. We are appreciative of the extrabudgetary contributions of donor countries and urge their continuing support, including for the Trust Fund for LDCs.

29. We reaffirm UNCTAD's central role in the integrated treatment of development and related issues in the areas of trade, finance, technology, investment and sustainable development. UNCTAD is a universal forum for intergovernmental deliberations, confidence- and consensus-building, and policy formulation, offering alternative paths to development, monitoring implementation and follow-up, and technical cooperation.

30. We call for the effective participation of Asia in the management of international organizations. In this context, we welcome the selection of Dr. Supachai Panitchpakdi as one of the new Directors-General of the WTO, as a step forward in the management of the multilateral trading system. We congratulate Mr. Mike Moore and Dr. Supachai Panitchpakdi, whose leadership and experience will lead that body into the new millennium.

31. We express our deep concern at the continuing use of coercive economic measures against developing countries, *inter alia* through unilateral economic and trade sanctions that are in clear contradiction with international law. In this respect, we object to the new attempts aimed at extraterritorial application of domestic law, which constitute a flagrant violation of the United Nations Charter and of WTO rules.

32. We reiterate our firm commitment, in accordance with the United Nations Charter and the principles of international law, to the promotion of international peace and security, the elimination of foreign occupation and the economic prosperity of all nations. We express our readiness to cooperate with others in achieving these objectives, which would ensure a better world for present and future generations.

33. We urge the creation of an international environment for dialogue as a driving force for the realization of the social, cultural and economic objectives of mankind. In this context, we strongly support the initiative of

the President of the Islamic Republic of Iran, and the subsequent resolution of the United Nations General Assembly, to proclaim the year 2001 as the United Nations Year of Dialogue among Civilizations.

34. We emphasize that, in pursuing their cooperative efforts to reap the potential benefits of globalization and liberalization, all development partners also have a common responsibility to join their efforts to minimize the risks involved and to assist those affected economies in resuming their path to growth and development.

35. These are challenging times, especially for the developing countries. Yet there are also unprecedented opportunities for building the foundations of a more equitable and dynamic system of international economic relations. Working in concert with our development partners in a constructive dialogue at UNCTAD X, we can and we will seize these opportunities to make progress towards a world which promises the prosperity and equity of all peoples.

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**II. MINISTERIAL STATEMENT ON  
ECONOMIC COOPERATION AMONG DEVELOPING COUNTRIES**

1. The Ministers emphasize the importance of economic cooperation among developing countries (ECDC) as a strategy for development and the common prosperity of the region. Such cooperation has become all the more relevant in the face of the challenges of a globalizing world economy.
2. The Ministers appreciate the increased economic cooperation among many Asian developing countries at the subregional and regional levels. Regional agreements on trade and investment liberalization and facilitation and growing production capacities, as well as the outward-oriented domestic policy reforms of many developing countries, offer greater opportunities for the expansion of their trade and investment and for the intensification of mutual industrial and technological cooperation.
3. The Ministers note that trade among developing countries has expanded significantly, and intraregional foreign direct investment by developing Asia has increased substantially as well. Subregional economic cooperation initiatives are playing an increasingly important role in regional economic development.
4. The Ministers reconfirm the need for further strengthening ECDC in all its forms, modalities and geographic spheres in order to pool their countries' human, technological and capital resources. They invite all developing countries involved in the ECDC process to design and launch new initiatives to deepen and widen existing schemes. More forward-looking approaches and modalities should be explored to foster trade, investment and technology.
5. The Ministers call for strengthening cooperation among developing countries in international negotiations on trade, monetary and financial matters with a view to enhancing their development objectives. Furthermore, developing countries should call for and participate effectively in efforts to transform the present architecture of the international financial system into one which is more stable and more contributory to trade, long-term investment and development.
6. The Ministers propose an exchange of experiences in the light of the recent Asian financial crisis, and call for the establishment of a working group to recommend actions and suggest policy proposals regarding mechanisms for crisis management and prevention. These measures should include, *inter alia*, a mechanism to improve financial supervision and regulation and measures to address problems of volatility of short-term international capital flows. The working group's mandate should also include consultations with the concerned international institutions, such as the International Monetary Fund, the World Bank Group and the Bank for International Settlements.
7. The Ministers reaffirm their determination to cooperate closely with the Non-Aligned Movement in order to strengthen ECDC and its positive economic and social effects as well as to reduce poverty in developing countries, particularly in the least developed countries (LDCs) and the small economies and landlocked countries. The South Summit in the year 2000 is expected to give a major boost to ECDC and foster the attainment of its economic and social objectives.

8. The Ministers welcome the successful conclusion of the second round of negotiations on the Global System of Trade Preferences among Developing Countries (GSTP) and invite participating countries to pursue their efforts to further deepen and expand the GSTP in the third round of negotiations.
9. The Ministers appreciate the special trade preference schemes introduced by some developing countries in favour of the LDCs within the GSTP; subregional arrangements; and specific LDC schemes. They encourage other member States to introduce and promote similar LDC preference schemes as a meaningful manifestation of solidarity within the Group of 77 in favour of its poorest members. The Ministers call upon all member States to participate actively in the preparatory process for the Third United Nations Conference on the LDCs and in the Conference itself, to be held in the year 2001.
10. The Ministers consider that intensified economic relations among developing countries help stimulate the world economy, thereby contributing to the growth of the developed countries, and call upon the developed partners, in a spirit of shared responsibility, to support ECDC in the form of increased technical and financial support for the developing countries.
11. The Ministers emphasize the relevance of technical cooperation among developing countries (TCDC) in the context of globalization and interdependence. TCDC can be a tool to maximize the benefits that can be derived from economies of scale and complementarities, which will enable countries of the South to participate more effectively in the global market.
12. The Ministers are convinced that ECDC is a useful mechanism that could strengthen national potentials and capabilities in the achievement of sustained economic growth and improvement of the quality of peoples' lives. They are further convinced that the empowerment of people, including members of marginalized groups, will enable them to participate effectively in the development process.
13. The Ministers appreciate the support received from UNCTAD and other relevant organizations in the area of ECDC.

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**III. MINISTERIAL DECISION ON THE G-77 PLAN OF ACTION FOR UNCTAD X**

The Ministers decided to commend the text of the Plan of Action of the Group of 77 Preparatory Committee for UNCTAD X, as contained in document PC/77(IX)/1, as a suitable platform to recommend to the Ministerial Meeting of the Group of 77, to be held in Marrakesh, Morocco, 13 to 16 September 1999. The Ministers consider it to be a good basis for the formulation of the position to be taken by the Group of 77 on the pre-Conference text during the deliberations in Geneva in preparation for UNCTAD X, in accordance with the transmittal note of Ambassador Nacer Benjelloun-Touimi, while bearing in mind the position the Asian Group adopted in the Lebanon Declaration 1999.

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