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SANTO DOMINGO DECLARATION

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SANTO DOMINGO DECLARATION

The Ministers and Heads of Delegation of Latin America and the Caribbean, attending the Consultation and Coordination Meeting held in Santo Domingo, Dominican Republic, on 5 and 6 August 1999 prior to the tenth session of the United Nations Conference on Trade and Development (UNCTAD X):

Considering that, unlike the economic growth and optimistic prospects for the countries of Latin America and the Caribbean which characterized the international environment at the time of UNCTAD IX, the background to the Tenth Conference will be an international situation of great uncertainty for the developing world, linked to the phenomena associated with the increase in globalization;

Considering that the recent monetary and financial crises have shown how contagious they can be in countries and regions, with far-reaching effects on trade and economic growth;

Considering that the international financial crisis that originated in south-east Asia has had severe adverse effects for the region, which have become more acute with the fall in demand on world markets, the drop in commodity prices to the lowest levels in the last 30 years, the restriction of access to external finance and the flight of short-term capital, all of which has led to a significant slowdown in the economic growth rate of Latin America and the Caribbean;

Considering that, despite the far-reaching structural reforms and macroeconomic management measures adopted by the region throughout this decade, little progress has been made in reducing the vulnerability of our countries, which has become a key element of our agenda;

Considering that the effect of the natural disasters that have occurred in the region creates an urgent need to redirect development strategies and aid flows, so as to improve our countries' capacity to prevent and mitigate the effects of these disasters, reduce our vulnerability to them and alleviate their impact on the economies of the region;

Considering the need to promote solidarity in action to eliminate poverty;

Considering the need to strengthen the role of UNCTAD as an appropriate forum for analysing and designing development strategies which promote economic growth and social development and strengthen the growth of the developing countries;

Considering that UNCTAD X will be held just a few months after the Third Ministerial Conference of the World Trade Organization (WTO) to be held in Seattle, and on the eve of the South Summit, the process of evaluation of the World Summit for Social Development, and the United Nations Millennium Assembly, a fact which enhances its importance and significance as the first major multilateral economic event of the new millennium;

Hereby declare:

1. The model based on the market economy must give greater priority to social protection policies and effective measures to prevent, predict or manage economic and financial crises such as those which have occurred recently. The challenge we face is the urgent definition and adoption of new development strategies that will:

- improve the living standards of the population;
- integrate our countries harmoniously within a more receptive global system;
- promote sustainable and socially-balanced growth capable of creating more and better jobs;
- speed domestic saving and productivity;
- help to increase and diversify the supply of goods for export;
- raise our share in the value added of the production chain; and
- incorporate new technologies.

2. The smooth functioning of the international financial markets is a key factor for the external financing of our countries. The influx of foreign capital stimulates economic activity and complements investment. The financial crisis that originated in south-east Asia has highlighted the deficiencies of the existing international system. These deficiencies require a vigorous international response aimed at establishing a "new international financial architecture", in whose design UNCTAD should participate, in close consultation and cooperation with other competent entities, with proposals that guarantee the full participation of the developing countries. Such proposals should include, among other aspects, reforms of the monitoring and regulatory systems and enhanced early warning and response capabilities for dealing with the emergence and spread of financial crises (as specified in United Nations General Assembly resolution 53/172), and should give the developing countries greater flexibility and autonomy in the management of capital flow policies. It is also important that these reforms should include greater participation by the developing countries in the decision-making processes of the international financial institutions, consistent with the growing weight of these countries in international trade and investment flows and the significant impact the reforms will have on them.

3. The burden of external debt has become one of the main obstacles to the achievement of the social and economic development objectives of the developing countries. Current conditions make it necessary for a high percentage of the gross domestic product to be devoted to debt-service payment, with the consequent risks for social and political stability. There is a need for UNCTAD to study and propose strategies with a view to arriving at a lasting solution to the problem of the external debt of the developing countries, one which also covers the elimination of the structural causes of indebtedness. These proposals should comprise various types of solution which take into account the payment capacity of each country and the measures provided for in General Assembly resolution 53/175. The proposals should also incorporate the strengthening of international financing for development.

4. The countries of Latin America and the Caribbean consider that the attraction of foreign direct investment (FDI) constitutes a very important element in our development strategies, and in this connection we consider that progress will have to be made in the process of market opening and in improving access to financial markets. Since the mid-1990s, the region has managed to reduce the proportion of short-term capital in favour of a growing percentage of FDI. We hope that this trend will accelerate and that FDI will continue to contribute to the modernization of our production processes through the transfer of technology and the strengthening of physical infrastructure, local entrepreneurship and job creation. The trend could be stimulated through incentives to facilitate the flow of capital, such as a multilateral fund supplying part of the resources required for investment projects, as a supplement to the resources contributed by banking entities in the private sector. We consider that UNCTAD should play an active and important role in the design of appropriate mechanisms for achieving these objectives.

5. A more stable international economic environment is essential for the growth of our economies and job creation. International trade plays an essential role in the generation of opportunities for the development of our peoples. The activities of the World Trade Organization (WTO) will need to take account, in a balanced manner, of the interests and concerns of all its members. For example, in connection with trade in agriculture, it is necessary to consider whether it is reasonable for a sector of such importance for our countries not to be governed by the same disciplines as general trade in goods. In this connection, the activities of WTO need fully to recognize the objectives and interests of all the developing countries. UNCTAD must continue to support the preparation of the developing countries for the multilateral trade negotiations, including the formulation of a positive agenda and the enhancement of their institutional capacities for taking advantage of the opportunities of the multilateral trading system. We appeal for the effective application of special and differential treatment for the developing countries, as provided for in the general principles of WTO.

6. We note the importance for all countries of consistency between national trade policies and the multilateral trade agreements. However, we are concerned to note that the developing countries continue to be subjected to, or threatened with, unilateral trade reprisals and the application of legislation with extraterritorial effect. Similarly, the preferential trade access granted to some of our countries continues to be tied to conditionalities that have nothing whatsoever to do with trade. We believe that these harmful practices should be eliminated.

7. We undertake further to improve the mechanisms for regional and subregional integration, together with the other agreements and projects on free trade and intraregional trading preferences in Latin America and the Caribbean, as a basic tool for our development. They represent an important political and economic investment for their members and are facilitating their economic openness and integration into the system of international economic relations within a framework of "open regionalism". The multilateral system must be taken into account as a framework for the conclusion and development of regional trade agreements since these facilitate its objectives. The integration processes enable us to progress towards a more open multilateral system.

8. The issue of commodities continues to occupy a priority place on the development agenda, inasmuch as the revenue from exports of these products continues to be of cardinal importance. Apart from the periodic downward trend in international prices, the international financial crisis has shown once again that our countries' dependence on the export of unprocessed commodities or raw materials is one of the key factors in our external vulnerability. UNCTAD must carry out analytical studies and provide technical cooperation to support our countries in the horizontal and vertical diversification of the goods we produce for export. The countries of Latin America and the Caribbean stress the importance of the Common Fund for Commodities in financing development measures and promoting market stability, and express their interest in revising its rules so as to bring them into line with the new realities.

9. We reaffirm the full validity of UNCTAD's mandate as the focal point of the United Nations responsible for the comprehensive consideration of development problems and related issues in the fields of trade, competition, finance, external debt, monetary aspects, technology, investment and sustainable development, and as a prime forum for debating development strategies and policies. In this connection, its mission must be the promotion of development; in order to achieve this it is essential to bring about the appropriate integration of the developing countries into the world economy and the trading system, ensuring comprehensive development in the context of globalization centred on the individual. In view of the urgent need to design and promote new development strategies for the future, UNCTAD should extend its work to the new problems faced by the developing world.

10. UNCTAD's analysis and research activities should contribute to the study of the changes in the world economy, and their impact and consequences for the developing countries with regard to trade, competition, raw materials, foreign investment, technology, financial resources for development, electronic commerce and the environment. Special measures are needed to deal with the situation of structurally weak, vulnerable and small economies, landlocked countries and small island developing States, and we request UNCTAD to facilitate the identification and application of such measures through its research, analysis and technical cooperation activities.

11. We emphatically support the efforts of the Secretary-General of UNCTAD to strengthen the organization and to enhance its mission as an institution structured for the service of development. In this context, UNCTAD should facilitate the formulation of global and national policies through dialogue and the promotion of consensus and technical cooperation. This action should be converted into tangible results through the presentation of new ideas and concepts, the promotion of understanding on new agreements, and the development of a positive agenda for proactive participation by developing countries in the trade negotiation forums and for their contribution to the implementation of these ideas and to the new international arrangements.

12. We advocate the establishment, within UNCTAD, of a development centre or institute with teaching, research and support capacity for the developing countries. The centre's principal activities would include ongoing and intensive courses in Geneva to prepare negotiators from developing countries in the topics of the multilateral trade agenda and in UNCTAD's areas of competence.

13. In the light of UNCTAD's Technical Cooperation Strategy, which the Trade and Development Board approved in June 1997, we note with concern the substantial and sustained reduction in participation by the Latin American and Caribbean countries in UNCTAD's technical cooperation programmes. Consequently, the UNCTAD secretariat should, in conjunction with the countries of the region, design and propose new strategies which are aimed at restoring our traditional participation in its programmes and which will enable our growing needs in this field to be met, under its regular budget. In addition, we support the expansion of UNCTAD's funds for technical assistance in order to continue financing the participation of the developing countries in the expert meetings.

14. We affirm that economic cooperation among developing countries (ECDC) is still of great value. Some developing countries are acquiring new potential in becoming important foreign investors and protagonists in international trade. This means that there are greater possibilities of cooperation among developing countries in order to increase investment and reciprocal trade and to enhance industrial and technological cooperation. The South Summit, to be held in Havana in the year 2000, should be a milestone in the field of ECDC. We also note that the second round of negotiations on the Global System of Trade Preferences among Developing Countries (GSTP) has ended, and in this connection we consider it important to rationalize, deepen, expedite and expand GSTP so that its effects will be increased.

15. UNCTAD X will provide a propitious opportunity to examine the state of the world economy, evaluate the impact of globalization on the economies of the developing countries and identify the basic elements of a new consensus for development aimed at the eradication of poverty and the harmonious, fair and sustained economic growth of the developing countries. Our Governments undertake to promote a study that will establish the components of this new consensus for development with the aim of incorporating the social elements essential for sustainable human development alongside the economic elements on which development is currently based. For this purpose, we propose that UNCTAD should always devote the high-level segment of the sessions of the Trade and Development Board to the debate on new strategies for development. We therefore request the UNCTAD secretariat, when preparing the relevant documentation for those meetings, to suggest possible options for the attainment of the new consensus. The meetings should be attended by the highest authorities of the competent organizations.

16. We undertake to help to provide UNCTAD with the necessary capacity to become the driving force behind the new consensus for development.

17. We thank the Government and people of the Dominican Republic for their hospitality and for the excellent organization of the technical and ministerial phases of the Consultation and Coordination Meeting of Latin America and the Caribbean prior to UNCTAD X. We also express our appreciation for the support provided by the secretariats of UNCTAD and the Latin American Economic System (SELA) in ensuring the success of our Meeting.
