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Development-centred globalization:

Towards inclusive and sustainable growth and development

Round Table 3 Strengthening all forms of cooperation and partnerships for trade and development, including North–South, South–South and triangular cooperation

UNCTAD XIII

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Summary prepared by the UNCTAD secretariat

1. The round table was opened by the Secretary-General of UNCTAD. It was moderated by the Minister for Public Enterprises, Scientific Policy and Development Cooperation, in charge of Policy for Large Cities for Belgium. The panellists were the Minister of Foreign Trade of Costa Rica, the Minister for Trade and Industry of Ghana, the Minister of Trade and Industry of South Africa, the Senior Parliamentary Secretary in the Ministry of Foreign Affairs of Singapore, the Director-General of the World Trade Organization, the Administrator of the International Organization of La Francophonie, the President of the African Export-Import Bank and Honorary President of G-NEXID, the Chairman and Founder of the Talal Abu-Ghazaleh Organization and the Secretary-General of the African, Caribbean and Pacific (ACP) Group of States.

2. In his opening remarks the Secretary-General of UNCTAD suggested areas where trade and development partnerships could be strengthened to foster sustained and inclusive growth. These included (a) developmental regionalism, wherein market access liberalization was fostered in parallel with the strengthening of complementary policies, measures and institutions; (b) North–South free trade agreements designed to also enhance South–South cooperation; (c) progress in implementing the Agreement on the Global

System of Trade Preferences among Developing Countries and bringing the least developed countries into the Agreement; (d) standard-setting partnerships such as on regional competition policies or organic agriculture standards; (e) responsible and sustainable investment; and (f) increased technical cooperation among developing countries.

3. The deliberations of the round table were lively and broad-based. They pointing out that there were a wide range of approaches to international cooperation and partnerships for trade and development, including in achieving the United Nations Millennium Development Goals. Most were promoted through bilateral, regional and multilateral trade agreements, and through trade-related cooperation initiatives and programmes of a North–South, South–South or triangular character. Although international trade relations today were dramatically different from past relations and did not conform to standard economic theory prescriptions, the impact of the global crisis underlined a need for a paradigm shift in trade policymaking and trade negotiations towards addressing issues of the twenty-first century. Three levels of issues emerged from the reflections.

4. First, emphasis was placed on the domestic level, especially on enhancing developing countries' participation in global value chains and importantly, in higher value added production and trade, and not just in the low-value components. The international division of labour that had underpinned trade relations in the past with developed countries providing finished goods and developing countries providing raw materials was changing. Global value chains enabled developing countries to enter into global trade and production. Now accounting for over 40 per cent of international trade, intermediate goods represented an attractive entry point for developing countries in global trade of value added goods. The success of Costa Rica in penetrating the microchip industry was an example. Thus the challenge for governments was to devise policies and strategies to facilitate such transition into higher value addition activities. These could include those related to developing human capital, technological change and competitive capacities. Also, trade policymaking in the future must ensure positive coherence with other development policies to have a sustained impact on growth and development. Such policymaking should be based on empirical analysis and inclusive stakeholder consultations. The fuller integration of the private sector, including small and medium-sized enterprises, into the trade policymaking process and the strengthening of enabling conditions for private-sector development was emphasized. The involvement of organized labour and civil society organizations as partners in trade policy design was also stressed.

5. Second, the regional level was emphasized, including as an intermediate step towards continental integration, as was being attempted in Africa, and towards better integration into the global economy. Examples included the Association of Southeast Asian Nations, the Common Market for Eastern and Southern Africa and others that could quicken development impact. These served as stepping stones, enabling smaller economies to support economic diversification through trade with countries with similar development levels, before further opening their economies to trade with larger and diversified economies. Regional integration, however, should not centre purely on trade liberalization via free trade agreements and customs unions. To promote integration and achieve sustainable development, they should also address the building of infrastructure, human capital, financial integration, technology and investment. A holistic, developed-oriented approach to regional cooperation and integration was required, particularly in trade partnerships between developed and developing countries, such as negotiations on the Trans-Pacific Partnerships. The economic partnership agreements under negotiation between the European Union and ACP States were also an example of a potentially supportive arrangement. However, their negotiation remained difficult due to a lack of agreement on the inclusion of provisions supportive of development and diversification. Development objectives needed to be given greater priority than they had received in recent years.

6. Further, with anaemic growth affecting many developed countries and in contrast with rapid economic growth in some dynamically growing developing countries, new opportunities for strengthening South–South cooperation had emerged that should be exploited. The creation of an all-ACP trade agreement was flagged as an example. Also, with the accumulation of financial wealth in many countries in the East, South–East cooperation avenues could also be explored and enhanced. Such cooperation complemented North–South trade and cooperation, which remained important for many developing countries.

7. Third, the multilateral level was emphasized. Bilateralism in trade was becoming increasingly an outdated philosophy, especially in today’s global value chain model of production and trade. Classical trade issues such as tariffs had been overtaken by new forms of protection in the form of non-tariff measures. Subsidies in agriculture or fisheries remained to be effectively addressed. Addressing these challenges could best be accomplished through a multilateral approach. As at the regional level, multilateral trade negotiations under the Doha Round, conducted under the auspices of the World Trade Organization (WTO), had stalled in part due to a lack of progress in promoting development priorities. Fully infusing the development dimension in trade negotiations remained a key challenge. It was equally important to safeguard the role of WTO as a bulwark against protectionism and to continue efforts to conclude the Doha Round. Other related issues for enhancing international trade included a focus on trade financing issues, trade facilitation issues, investment and services.

8. The vibrancy of the deliberations in the round table reaffirmed UNCTAD’s continuing role as a forum for open policy dialogue on topical issues of trade and development, a knowledge and resource centre for the exchanges of ideas and experiences, and a platform for the generation of alternative solutions.
