LEADERS’ FORUM

Summary

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Panellists’ presentations

A special high-level event towards the end of UNCTAD X, brought together some Heads of State or Government to reflect on their development experiences and to consider the challenges ahead.

Mr. Chuan Leekpai, the Prime Minister of Thailand, addressed the issue of the financial crisis and pointed to his country’s response to it through the adoption of short-, medium- and long-term policy measures. Recalling the history of the crisis that was caused initially by a fall in international reserves, which were used to defend the currency, and the subsequent floating of the Thai baht, he highlighted the enormous loss of investor confidence and the “bleeding of the country” through capital outflows. Thailand’s first step had been to stop the enormous capital outflows, with the IMF’s assistance, and to restore investor confidence. At the same time, various measures were taken to alleviate the social and employment implications of the crisis. The Prime Minister said that social expenditures and social services had not been cut, rather, they had been increased. As a second step, stimulation measures were taken with the help of the World Bank, the Asian Development Bank and Japan. Thirdly, a revised and improved legal framework was adopted to adapt Thai legislation to international standards. Long-term measures taken by the Government are aimed at increasing investment in human resource development and good governance. These, combined with further liberalization efforts and measures to increase the competitiveness of the Thai economy, have contributed to its export-led recovery, which has turned out to be higher than expected — exports and employment have reached pre-crisis levels. In closing, the
Prime Minister recalled the sacrifices made by the Thai people and stressed the need to ensure social justice as countries integrate into the world economy.

Mr. Leonel Fernández Reyna, President of the Dominican Republic, said that the satisfactory performance of his country’s economy in recent years can be explained by a combination of favourable external and internal factors. Among the external factors, he mentioned the strong performance of the Dominican Republic’s main trading partners, namely the United States and Europe. His country enjoys preferential access to both markets, thanks to the Caribbean Basin Initiative and the Lomé IV agreements. On the internal front, he mentioned prudent macroeconomic management, which has resulted in high rates of growth with low inflation, privatization of public enterprises and the facilitating of foreign direct investment.

President Abdelaziz Bouteflika of Algeria, current Chairman of the Organization of African Unity, reflected on the historical context that brought about the marginalization of the African continent. He held colonial circumstances responsible for the lack of preparedness among African countries to face the forces of globalization. In this regard, he emphasized the sad reality of an impoverished continent which is ill-equipped to play the game of globalization effectively, due mainly to the lack of educated and skilled human resources. He pointed out that the single most serious problem of African countries is their level of indebtedness. “Great projects always begin with a dream”, he said, and Africans should be given an opportunity to “become credible debtors” through substantial debt relief. This should be followed by constructive initiatives to help as many African countries as possible to join the “club of dragons” — the middle-income, fast-growing developing countries in other regions.

Mr. Pascoal M. Mocumbi, Prime Minister of Mozambique, discussed the role of regional integration in the process of economic development. He said that coordinating the efforts of developing countries is essential in the fight against poverty, just as it had been in the struggle against colonial rule. In this regard, he was moved to see the presence of several participants who had distinguished themselves in Africa’s independence movements. He said that concerted action at the regional and continental levels is essential to address the main constraints faced by African countries, such as their institutional weakness, their limited productive capacity, the problem of debt, their lack of bargaining power, serious political and social conflicts and the high prevalence of AIDS and malaria. He cited the example of the Southern African Development Community (SADC), where countries have agreed to coordinate their national strategies to fight extreme poverty, setting themselves the objective of completely eradicating it from the region by the year 2015.

Prime Minister Abderrahmane El-Youssoufi of Morocco explained the importance of regional integration for a country like Morocco, in the light of the prospects offered by the Euro-Mediterranean dialogue. He saw regional cooperation as a necessary road to globalization, and the lack of regional integration in the Maghreb as the main cause of the insufficient insertion of his country and its neighbours into the global economy. He saw the Euro-Mediterranean free-trade zone project as a desirable avenue
to socio-economic progress for the North African subregion, considering their many complementarities resulting from the pattern of economic specialization among the relevant countries. He highlighted the economic policies of Morocco aimed at creating an encouraging business environment conducive to private initiative. In addition, he stressed the importance of encouraging the participation of all segments of society and of consensus-building among relevant decision makers in order to promote confidence among all people, and particularly potential entrepreneurs, in the bid to benefit from the forces of globalization.

Mr. Ricardo Márquez Flores, Vice President of Peru, focused on the repercussions of trade liberalization. He said that liberalization and privatization have improved efficiency in both the public and private sectors in Peru. In contrast with past experiences, his country has been able to achieve high growth and macroeconomic stability in spite of the negative effects of the crisis that started in Asia in 1997. He stressed the need for constant adaptation, particularly among SMEs, which are most likely to suffer the negative effects of globalization. In this context, efforts should be made to ensure that the advent of the “digital economy” does not result in a larger competitiveness gap between developed and developing countries. Discussing regional integration, he said that in the Andean region there is a strong political will for such integration, which is seen as a prerequisite for success in a globalized economy. It should not be limited to tariffs or trade matters, but should also comprise sectors such as transport and education.

Mr. Jacob Zuma, Deputy President of South Africa, supported Mr. Bouteflika’s call for international solidarity in addressing Africa’s desperate plight. Recalling his own country’s reconstruction efforts, he stressed the need for a culture of dialogue and negotiation. The reconstruction of South Africa and its economic and social development are linked to the sustainability of the region as a whole. He pointed to the difficulty of transforming a country, once at war with Africa, into an African nation, which assumes its responsibilities as an active partner in efforts to improve the lives of the African people. Urging resolutions to African conflicts, he cited the root causes of instability. The greatest threat to humanity is poverty which, if not adequately addressed, will further destabilize the region and the world as a whole. In this context, he emphasized that the delay in launching a new round of trade negotiations in the WTO is tantamount to a delay in finding solutions for poverty alleviation. The WTO must look at development with a fresh approach. He pointed out that UNCTAD X has seen a convergence of views among all development partners, including civil society, for a holistic, people-centered approach to development. This consensus must be put into practice, with Thailand, which holds the presidency of UNCTAD, taking a lead role in implementing these views.

Deputy Prime Minister Moses Ali of Uganda was asked to explain how his country had succeeded in evolving, over two decades, from a state of civil war and regression to one of economic stability and relative prosperity, in which good governance appears to have played a significant role. Explaining that it had been Uganda’s own decision to call on the Bretton-Woods institutions for support in restoring conditions for economic progress, he described the country’s efforts to make economic recovery a sustainable reality despite the intrinsic difficulties of land-lockedness and political
instability in the Great Lakes subregion. Mr. Ali stressed the importance of regional integration for Uganda in this context.

Mr. Rubens Ricupero, Secretary-General of UNCTAD, stressed the achievements of UNCTAD X, which, he said, are a global reflection of development at the beginning of a new millennium, a healing process after Seattle, and an exercise in inclusiveness, openness and transparency. He observed a remarkable convergence of views on the problems of development and the challenges ahead, with the “Washington Consensus” giving way to the spirit of Bangkok. Developed nations in Bangkok have responded to the plight of developing countries, which had been raised in Marrakesh. He recalled the strong sense of moral commitment to action and the businesslike atmosphere that give credible and practical reasons for hope.

**Ensuing discussion**

The testimonies of the Heads of State and Government offered a global reflection on the paramount objective of preventing further marginalization of the developing countries from the global economy. All participants stressed the importance of debt relief and regional integration as catalysts of development. They encouraged UNCTAD to organize a framework of dialogue and cooperation between African debtors and their creditors in order to foster initiatives for alleviating the debt burden through development solutions that would be conducive to enhancing supply capacities and competitiveness.

The desire to overcome the international community's failure to launch a new round of multilateral trade negotiations in Seattle has induced a “healing process”, according to Mr. Ricupero, for which UNCTAD X has provided an opportune starting block. Participants agreed that the Conference had fostered a spirit of renewed dialogue (“the spirit of Bangkok”) and interest in the resumption of negotiations within a new framework of consensus-building.

With regard to regional integration, the Heads of State and Government discussed the experiences of the Southern African, East African, Euro-Mediterranean, South-East Asian and Andean regions. It was generally felt that regional integration can generate significant benefits, not only in terms of movements of goods and services, but also with regard to transit transport, customs, and other aspects of economic cooperation, with a view to reducing transaction costs and promoting competitiveness. Some took the view that an essential condition for making regional cooperation an initial successful step towards globalization is to promote economic specialization or re-specialization of countries in a regional context with a view to promoting complementarity.

Several examples were given of how an approach to developmental problems, which involves all players concerned, is more likely to produce satisfactory results. The “brain drain” problem is one of them: this is a multifaceted question which involves issues including education facilities, employment opportunities and salaries, living standards and the creation of awareness and commitment among those who have benefited from investment in higher education. Some of these issues are the
responsibilities of the Governments of developing countries, while others require the involvement of the business community and of civil society in its broadest sense.

There was agreement that private initiative must be at the heart of sustainable globalization. Macroeconomic approaches need to be complemented by microeconomic ones to ensure that small and medium-sized enterprises and other weaker segments of society are enabled to become part and beneficiary of the process of globalization. Without State support, the necessary adaptation, in particular as regards productive modernization and the integration of new technologies, will fail. Improved State/private-sector relationships and investment in education and innovation are crucial.

There was agreement that the changes from an industrial to a digital economy require intensified international cooperation and coordination when it comes to identifying new sources of funding, creating a level playing field and facing technological challenges. European integration, and its principle of cohesion, serves as an example of practical solidarity in this regard.

Overall, 1,963 participants from 159 countries attended UNCTAD X, including 106 Ministers, and 16 Heads of State and Government, two of them from developed countries. Considering that the UNCTAD Conference traditionally involves participation at the ministerial level, the participation of Heads of State underlines the importance given to this conference. The Conference achieved a bridging of views in a transparent and non-confrontational manner and has created a momentum for dialogue, thus laying a solid foundation for future work.

The new, participatory approach followed by the Conference was welcomed. By complementing intergovernmental dialogue with the contribution of parliamentarians, entrepreneurs and non-governmental organizations, new insights had been gained into the prospects for truly global development in the new millennium. As one speaker put it, all the stakeholders of economic development were able to voice their opinions. This represents a significant change as a result of which UNCTAD emerges from its tenth session with greater credibility and legitimacy. It should now apply this renewed weight, credibility and legitimacy to provide a framework of dialogue and consensus building. It was stated that UNCTAD X is a landmark in the integration process of globalization.