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Report on the third UNCTAD Public Symposium: Making trade and finance work for people and the planet*

* Prepared by the UNCTAD secretariat in cooperation with non-governmental organizations participating in the Public Symposium.

Introduction

1. UNCTAD's third Public Symposium, organized in cooperation with the United Nations Non-Governmental Liaison Service and other partners, was held in Geneva from 22 to 24 June 2011. The Symposium discussed making trade and finance work for full and productive employment and to reduce inequalities; the financial and monetary reforms necessary to ensure sustainable economic growth; and how the transition to a green economy, in the context of sustainable development and poverty eradication, could be fair and equitable.

2. The event brought together over 250 representatives of civil society, the private sector, governments, parliaments, academia, the media, United Nations agencies, and other international organizations. The participants debated and exchanged views on topics likely to dominate the global political, trade and finance agenda in the coming years – including at UNCTAD XIII (in 2012), at the Rio+20 United Nations Conference on Sustainable Development (in 2012), and at the G-20 summit (in 2011). The Symposium included a combination of plenary and breakout sessions, organized by UNCTAD, civil society organizations, and partner organizations.

I. Plenary sessions

A. Opening plenary

3. Opening the Symposium, Mr. Luis Manuel Piantini Munnigh (Dominican Republic), President of the Trade and Development Board, said that the Symposium needed to identify practical recommendations flowing from its theme of seeking to put people and the planet at the heart of globalized trade and finance, and noted that this had much in common with the main theme for UNCTAD XIII. In exploring how best to tackle the multiple challenges facing the international community, the partnership among governments, international organizations, civil society and the private sector must engage fully, and must lead to visible results. In that regard, he stressed the importance of reconsidering the role of the G-20 in order to make it better serve the priorities of developing countries.

4. In his introductory remarks, the Secretary-General of UNCTAD, Mr. Supachai Panitchpakdi, said that the economic framework and culture that had driven the last era of globalization had not altered significantly since the end of the crisis. The recovery from the crisis itself continued to feature high unemployment and be characterized by downward pressure on wages. In addition, it was now facing pressing issues such as the eurozone debt crisis, high commodity prices, and a historic high level of atmospheric carbon. Looking forward to UNCTAD XIII in 2012, there was a need to examine the values and culture that could define a new era – the next era – of globalization, that would have sustainability and inclusivity as its aims. UNCTAD's recent work had demonstrated the need for (a) development banks; (b) increased transparency and tighter regulation of commodity markets; (c) systemic responses to debt crises; (d) innovative sources of finance to assist the shift to low-carbon technologies; (e) improved mechanisms for technology transfer; and (f) South–South cooperation, as a source of new policy ideas and of countervailing power at the multilateral level.

5. The UNCTAD Secretary-General noted that, beyond the specific policy reforms, a more inclusive development agenda needed to rebuild trust and respect diversity, and promote democracy and long-term thinking. Finance-led globalization had drained these values and norms. In the post-crisis period, the G-20 had become the biggest game in town. The crucial role of the United Nations in supporting developing countries, in addressing their capacity-building needs, and in providing a platform for discussion among stakeholders, including civil society representatives, had not been sufficiently recognized.

Hence, in order to ensure that the international community would move on, and would not find itself discussing the same problems in ten years' time, the United Nations and its constituency needed to be placed at the centre of a new era of development-led globalization.

B. Financial and monetary reforms for sustainable development: Global and regional initiatives (round table 1)

6. After the opening remarks, the Symposium began its first round-table meeting. This was followed by interactive debate and then by focused breakout sessions, to debate key aspects of financial and monetary reform for sustainable development.

7. The first round table was moderated by Mr. Larry Elliott, economics editor at the British newspaper *The Guardian*. The panellists included Ms. Heidemarie Wieczorek-Zeul, Member of the German Parliament and former Federal Minister for Economic Cooperation and Development; Mr. Jose Antonio Ocampo, Professor, School of International and Public Affairs, Columbia University, United States, former United Nations Under-Secretary-General for Economic and Social Affairs, Member of the Commission of Experts of the President of the United Nations General Assembly on Reforms of the International Monetary and Financial System (the "Stiglitz Commission") and former Minister of Finance, Colombia; Mr. Luiz Carlos Bresser-Pereira, Emeritus Professor, Getúlio Vargas Foundation, and former Minister of Finance, Brazil; Mr. Stephen Hale, Acting Head of Advocacy, Oxfam International, Switzerland; and Mr. Emmanuel Gyekye Tanoh, Team Leader, Third World Network-Africa, Ghana.

8. Most participants concurred that even though the world economy was technically no longer in recession, the crisis was not over yet. Even though the coordinated global response seen at the beginning of the crisis had been successful in avoiding another Great Depression, many fundamental systemic issues still needed to be addressed. These included the need to reform the financial architecture and to strengthen global and regional governance structures. At the same time, all panellists emphasized the rise of new threats, such as the rising public debt in many developed countries, and highlighted the need for a more holistic development approach.

9. The panellists identified reform of the world financial and monetary architecture as one of the most urgent tasks to be undertaken in order to avoid a new crisis. Deregulation of the banking sector was considered the main cause of the financial meltdown in 2008, together with the excess faith placed in the efficient market hypothesis, and rising global imbalances. For some participants, the Washington Consensus and its neoliberal policies had damaged the core of the world economy. Therefore, the opportunity provided by the crisis to establish new global financial rules and regulations should not be wasted. At the same time, national strategies and regulations for the financial sector should also be designed and implemented.

10. It was noted that international financial and monetary reforms should tackle the problem of capital inflows from developed countries to developing countries. Such inflows created bubbles, which risked interrupting growth in developing countries' economies. At the same time, they were concerned about central banks in targeted countries having to accumulate a disproportionate amount of reserves. Global imbalances had, in fact, resumed since the lowest point of the financial crisis, and long-term issues such as economic growth and job creation should remain at the forefront of the international agenda. Some forms of capital control should be implemented, in order to mitigate financial imbalances.

11. Participants expressed strong support for regulation of the shadow banking system, in particular derivatives markets and over-the-counter transactions, due to their high financial risk and threat to the stability of the world financial system. The current loss of momentum in the political will that had been present at the beginning of the financial crisis

was threatening the achievement of a satisfactory outcome on this crucial problem. Credit rating agencies were seen by the panel as exacerbating financial risks. The methodology that they used to establish ratings was rather opaque, and the likelihood of conflict of interest was a primary concern of participants.

12. Some participants noted that the Bretton Woods institutions, despite their role, had failed to identify the roots of the crisis; this was in addition to an already existing poor track record on analysing, preventing and mitigating financial crises. Furthermore, one participant stated that these institutions would work better if they were organized into a network of regional banks and funds that tailored their lending to the specificities of the region they were operating in.

13. All participants highlighted the need to strengthen international cooperation and global governance. In the area of international cooperation, it was reported that, in their early responses to the crisis, several governments and central banks around the world had managed to coordinate their efforts, and that the results had been fairly successful. With regard to global governance, one speaker praised the French initiative at the G-20 for framing a common structure to deal with international issues. And yet, several speakers noted that global leadership remained weak. In addition, many speakers insisted that the G-20 had a problem with regard to representation. As one panellist emphasized, there was not one least developed country (LDC) at the G-20, and there was fairly uneven geographical representation. In addition, although the G-20 summits in late 2008 and early 2009 had helped the world to deal effectively with the financial and economic crisis, that momentum had unfortunately been lost, as divergences among G-20 members had increased.

14. Many participants stated that the United Nations appeared to be the most legitimate international forum and body able to deal with international financial reforms. Most participants called for a reinforcing of the role of the United Nations. The United Nations was described as the most inclusive platform, and as one that could enable the engagement of the entire international community and could provide a legitimate basis for the responses and reforms, which should be aligned with broader sustainable development objectives. At the onset of the financial crisis, one of the core recommendations of the Stiglitz Commission had been the creation of an international panel of experts tasked with assessment and monitoring of both short-term and long-term systemic risks in the global economy. Many participants regretted that the recommendations had not yet been followed up in practice. Some participants stated that the United Nations should establish an economic governance council, based on the model of the Security Council, to ensure better economic coordination and coherence with broader development objectives. Moreover, all participants agreed that international economic and financial reforms needed to be discussed at United Nations level, and that synergies between the Bretton Woods institutions, the G-20 and the United Nations should be established.

15. Some participants acknowledged the progress made at the international and national level. One speaker gave the example of the Dodd–Frank Wall Street Reform and Consumer Protection Act, stating that this should serve as a model for the rest of the world. Progress had also been achieved in the area of uncooperative tax havens, with the signing of more than 600 bilateral agreements aiming at increased transparency in tax affairs. Some speakers also recommended an increased role for the United Nations Committee of Experts on International Cooperation in Tax Matters, and that it be upgraded to an intergovernmental body.

16. Regional cooperation was the focus of much debate among panellists. One speaker suggested the creation of a regional pool of reserves to help respond to various crises, including in commodity prices. While one speaker mentioned the setting up of regional agreements in Asia, in particular the Chiang Mai Initiative, another panellist reminded the audience that the Chiang Mai Initiative had not been used at the height of the crisis. Another participant stated that regional funds should not replicate global institutions on a

smaller scale, but should instead be true alternatives to the current global institutions. With regard to the current European debt crisis, several speakers mentioned that European Governments should collaborate more and use all available tools to stabilize the situation.

17. Regarding the issue of sovereign debt crisis, the question was how to reduce the severity and the frequency of debt crises in the future. While one speaker said that the high level of sovereign debt was caused by weak political systems in which borrowing against future and long-term public assets was at odds with the short political cycle, resulting in intergenerational debt, the majority of speakers said that rising public debt was, in most cases, the result of failure of the private financial system and consequent rescuing by governments. To lessen the chance of future crises, participants pointed to the need for an early warning system. In the case of developing economies, particularly in the LDCs, there was a need for new initiatives to help countries deal with and avoid debt crises. It was noted that UNCTAD was proposing a set of principles to serve as guidance for responsible lending and borrowing. The ongoing debt crisis in the eurozone highlighted the absence of a debt-crisis resolution mechanism. Participants suggested that it was time to think about and discuss how to have a comprehensive system to make debt resolution more timely, fair and orderly.

18. Overall, participants called for a more inclusive and holistic approach to development. There had been many debates on the financial crisis, but not enough attention had been paid to the social dimension – to inequality – and how this related to the global crisis. Instead of promoting growth, governments were promoting austerity measures and cutting back on spending. More poor households were being pushed into debt, to compensate for the losses in income. In addition, there was less investment in productive economic activities. It was stated that in order to create more jobs and income, there should be increasing investment in labour-intensive industries. This raised the question of where financing for development should come from. A new source of financing for development which was being proposed was a tax on financial transactions. A tax rate of 0.05 per cent would help raise significant funding towards helping developing countries' achievement of development objectives, including the Millennium Development Goals.

C. Making the transition to a green economy fair and equitable (round table 2)

19. The second round table was moderated by Mr. Jamil Chade, Geneva correspondent of the Brazilian newspaper *O Estado de São Paulo.* The panellists included Mr. Achim Steiner, Executive Director, United Nations Environment Programme (by video link); Mr. Chandran Nair, Founder and Chief Executive, Global Institute for Tomorrow, Hong Kong SAR, China; Mr. Mark Halle, Director, Trade and Investment, International Institute for Sustainable Development, Switzerland; Ms. Anabella Rosemberg, Environment and Occupational Health Policy Officer, International Trade Union Confederation, France; and Mr. Jomo Kwame Sundaram, Assistant Secretary-General, United Nations Department of Economic and Social Affairs.

20. Panellists emphasized that recent discussions on the green economy had focused on the environmental aspects of future economic growth. In particular, these discussions had concluded that today's resource-intensive economic growth was based on an underpricing of environmental and social resources, which could not be sustained in the future. It was stated that the current situation had already led to serious environmental damage and resource depletion worldwide. Moreover, developing countries – where the majority of the human population lives – were expected to continue growing faster than developed countries. If this allowed citizens of developing countries to afford consumption patterns similar to those in developed countries, the depletion of natural resources would be accelerated to an extent that would result in worldwide environmental disaster.

21. In order to avoid such a scenario, the solution was for the world economy to make the transition towards a green economy, in the context of sustainable development and poverty eradication. This could be achieved by redirecting economic activity towards sectors, technologies, products, processes, business models, ways of life and consumption patterns that were more environmentally friendly. The main driver of this process was reorientation of public policy and consumer tastes, which was bringing about changes in the incentive structure. These changes were creating new business opportunities, as the corporate world exploited the potential offered by the new incentives. The process had already started, and firms were increasingly taking carbon liability into account.

22. The only way to reduce the human environmental footprint was by decoupling economic growth and development (both of which remained essential to supporting a growing world population) from pollution, consumption of natural resources and depletion of the world's ecosystems. Through a transition to a green economy, countries could achieve this decoupling.

23. Some panellists stated that the world economy had not yet fully recovered from the recession of 2008–2009, and that it was running the risk of falling into renewed recession. They stated that the new growth and investment opportunities that were offered by transition to a green economy – boosted by adequate policy incentives – should contribute to the world economy overcoming its current weaknesses. However, there was no consensus on this point. One panellist questioned the timeliness of embarking on a new system in the present context. He argued that given the prevailing risks for economic growth, the priority should be to get economic growth on track.

24. It was noted that there had been criticism of the current predominant vision of the green economy and of the transition towards it, because it could possibly deflect attention from the broader concept of sustainable development as recognized by Agenda 21 (1992). By focusing almost exclusively on the environmental aspect of sustainable development, that vision of the green economy had neglected the other pillars of sustainable development – i.e. the social and the economic pillars. Therefore, it had marginalized economic development, social progress, equity, and the distribution or redistribution of natural and economic resources, both among countries and within countries. Moreover, that vision implied leaving private corporations to drive the transition. And yet, it was doubtful that the same actors who had been leading the current economic paradigm could drive the transition. Although over the last 20 years firms had been adopting topical changes to adapt to environmental concerns, they had left the basic principles of their operations untouched. This had meant preserving the main features of the current paradigm – which had led to overconsumption of natural resources and environmental degradation.

25. One panellist argued that the transition towards a green economy would happen inevitably, whether by default or by design. Several participants stated that if the latter option was going to prevail, it must be driven by a new development paradigm with the potential to shift economies away from the unsustainable and highly inequitable models of today, and to promote new jobs, markets and technology, and to achieve sustainable development. Within the context of sustainable development, effective principles for the green economy already existed, but they needed to be faithfully implemented. They included:

(a) Recognizing constraints and limits to economic growth set by nature, and acting accordingly;

(b) Strong leadership by nation states, which could do very much locally;

(c) Nations states working in association with the private sector, e.g. through public–private partnerships;

(d) Full internalization of environmental costs into prices;

(e) Investment, by the public and private sectors, in new areas and technologies oriented towards the future, rather than trying to preserve existing structures and interests;

(f) Economic growth with a high capacity for generating decent jobs, including for women, youth, and marginal workers;

(g) Paying attention both to the transition and to the final goals;

(h) Using a broad range of policy instruments and measures, such as cross-subsidies, as well as compensation mechanisms, financial resources to meet adjustment costs – including adequate social protection floors, and correct economic signals;

(i) Addressing inequalities between and within countries by redistributing material and natural wealth;

(j) Inclusiveness and transparency, by incorporating all relevant actors – including workers and civil society organizations, and by preserving social diversity;

(k) Bottom-up building of social and economic alternatives based on cooperativeness and solidarity. Many local initiatives were already in place, showing that environmentally-friendly ways of life, production and consumption were possible;

(l) Equity, human rights (including basic rights such as water, food, housing, education, public health, and sanitation), and democracy;

(m) New measures of social, economic and environmental well-being, as alternatives to gross domestic product (GDP); and

(n) Resilience of societies and economies.

26. It was stated that the correct economic principles should be implemented in order to steer the transition. Oil prices, for instance, should be determined by consideration of the future of the planet, rather than in markets, where they were currently driven by financialization. Fossil fuels received massive subsidies worldwide, which provided perverse incentives and reinforced the old and unsustainable environmental and economic model. Eliminating these subsidies would therefore be necessary in the transition. However, this move must be carefully targeted, so that the poor, who often benefited directly or indirectly from the subsidies, could continue to meet their food and fuel needs, and so that new employment was available for workers from displaced economic activities. Additionally, energy alternatives must be provided to the poor, who used biomass very intensively. This was one way of ensuring that the transition would be pro-poor.

27. There was consensus that the main challenge in transitioning to a green economy, for developed countries, was to move away from present production and consumption patterns, which were associated with sunk-in investments and entrenched habits and lifestyles. This implied confronting vested corporate and political interests associated with those patterns. Developed countries and some of their research centres and corporations were the ones that had advanced the most towards environmentally friendly technologies and modes of production and consumption. Therefore, they started the transition with an advantage. They needed to take the lead in making the transition, while actively providing developing countries with technological, capacity-building and financial assistance, to support the transition of poorer countries.

28. Developing countries faced the transition with the major challenge of orienting their economic growth and social development via a path different from that previously followed by developed countries. Developing countries needed to devise alternative social models and types of technology, production and consumption, and yet they were the most constrained in terms of finance, technology and institutions. If these countries did not

embark upon the transition, they would find themselves locked in the resource-intensive, polluting production methods and technologies of the past, while developed countries advanced further towards the green economy. This would create an environmental and economic duality that would not be sustainable. Nevertheless, some developing countries had taken important steps in the transition towards a green economy; this included measures adopted by Brazil, China and India.

29. Several participants stated that the different starting positions of developed and developing countries necessarily brought up the question of moral responsibility. In line with the principle of all countries having common but differentiated responsibilities, equity considerations must be integrated into policy frameworks to support the needs and development aspirations of current and future generations. While it was pointed out that apportioning blame was not constructive, the principle of historical responsibilities must be taken into account when attributing differentiated responsibilities for action and financing. A way of implementing this principle was to use per capita emission limits as a starting point.

30. One panellist stated that multiple crises were brewing at present, which included financial, climate-change, food, and development crises. In response, at the beginning of 2009, the United Nations had proposed a Global Green New Deal that would include raising $1 trillion in finance. Subsequently, the G-20 had committed to raising $1.1 trillion, but almost all of it had been channelled to the International Monetary Fund (IMF).

31. The panellist stated that the greatest contributor to climate change was greenhouse gases generated by fossil fuels. Combating these would require developing renewable energy, but at present, renewable energy cost more than non-renewable. Therefore, public policy had to cross-subsidize renewables (as was already happening in Europe). This instrument had to be used carefully, however, because subsidies tended to be captured by powerful groups and therefore to persist. Other complementary instruments were public investment, and public–private partnerships. Those types of solutions could be implemented at national, regional and international levels.

32. The same panellist went on to say that apart from renewables, other priority areas for investment in the transition towards a green economy were:

(a) Smallholder food agriculture, where farmers should be assisted and credited for investing in sustainable livelihoods;

(b) Sustainable agriculture, which must be de-industrialized, given that at present time it is largely hydrocarbon-based;

(c) Clean, decentralized rural energy systems;

(d) Less polluting public transportation systems.

These areas and technologies could contribute to the eradication of both rural and urban poverty.

33. Several participants stated that principal causes of the food crisis were the financialization of commodity markets, and the use of food products for biofuel production, which was subsidized in many developed countries. UNCTAD had been carrying out important analysis and policy work on both subjects.

34. Many participants noted that stronger public policy action would be required in order to accelerate the transition towards a green economy and to steer it in a socially desirable direction. National governments needed to be mobilized, and needed to enact an array of industrial, fiscal, industrial and technological policies. In all these fields, governments needed policy space in order to have the choice among alternative options. Policy space, however, could be constrained and limited by international agreements and engagements that countries had entered into, especially those related to trade, investment, finance and intellectual property. Such agreements could be multilateral, regional or

bilateral. Typically, they had been negotiated without prioritizing development, employment creation, preservation of livelihoods, or environmental protection – which should be central in the transition towards a green economy.

35. Some panellists noted that the problem of shrinking policy space was especially acute for developing countries, whose weaker institutional capabilities already limited the choice of policy instruments. One example that was given of shrinking policy space was international investment agreements, which focused mainly on the protection of investors' interests and rights, rather than on their responsibilities. Such agreements frequently contained stabilization clauses, which limited the capacity of national governments to adopt more stringent environmental rules and regulations. International investors could consider the latter as expropriations, and sue governments or seek compensation from them. Moreover, bilateral investment agreements were frequently not transparent. The terms and conditions regulating relations between international investors and national governments were negotiated in a secretive way and were not known by the public.

36. It was argued that there was significant policy coherence in international agreements on trade, investment, finance and intellectual property, but that it was of the wrong sort. The basic framework for sustainable development launched in Agenda 21 had not been adhered to by governments. Accelerating the transition towards a green economy may require the revision of some international agreements in such a way as to stop hindering the implementation of industrial policy, and the transfer of technology, particularly to developing countries.

37. Several participants stated that the Rio+20 conference in 2012 would examine the green economy in the context of sustainable development. The aims of the conference were broad, contrary to some views which had depicted it as being focused too narrowly on addressing environmental concerns, and it encompassed decent-job generation and poverty eradication. The conference should provide a fresh boost for international policy action on sustainable development. In doing so, it would correct the past situation, where the principles of sustainable development had not been implemented, and little if any international policy action had been taken on the three pillars of the 1992 summit in international negotiations and conferences such as those on trade, finance and the Millennium Development Goals. The specific content of the Rio+20 conference could still be influenced, as the draft text was still being discussed. It was necessary to put climate-change negotiations back on track, and to give special attention to climate finance.

38. Some panellists noted that the second main theme of the Rio+20 conference (i.e. the institutional framework for sustainable development) should address the current shortcomings of international environmental governance. Policies for sustainable development should not only be coordinated within States, but also at the regional and international level – which implied a coherent global governance system. The United Nations could bring sustainable development together at a higher level of political guidance and governance. A suggestion was made to rethink the Rio+20 conference on sustainable development, possibly as an Economic and Social Council reinvented along the lines of a Council for Sustainable Development.

39. They pointed out that, if the Conference addressed the three pillars of sustainable development, it should also ensure coherence among them, and, consequently, the coherence of international environmental, social and economic governance. This may require changes in some international economic agreements, which may contain clauses that could potentially jeopardize the transition towards a green economy. A clear example of the importance of coherence in international governance was the need to avoid green protectionism, and green conditionalities being attached to official development assistance. UNCTAD had begun work on those two issues.

D. Closing plenary

40. The closing plenary was chaired by Mr. Luis Manuel Piantini Munnigh, President of the UNCTAD Trade and Development Board. The Chair of the closing session summarized the discussions and recommendations of the Public Symposium. Concluding remarks were then delivered by Mr. Petko Draganov, Deputy Secretary-General of UNCTAD. This was followed by comments from the floor by representatives of the International Trade Union Confederation, the Third World Network, and the Ecological Movement of Mauritania.

41. Some of the most important messages of the Symposium were recalled. Unanimity had been expressed at the first round-table meeting that it would be premature to view the global financial crisis as a past event. The need for vigilance was emphasized with respect to further repercussions from the crisis, given that the measures adopted so far had been aimed at addressing the effects of the crisis rather than its causes, and that the root causes of the crisis remain unaddressed.

42. It was a widely held view that the financial deregulation and liberalization advocated and fostered by the Bretton Woods institutions and the Bank for International Settlements were largely responsible for the crisis. The measures to address financial regulation after the crisis had been timid and uneven across developed countries. Those measures were seen by most as being inadequate to avert a new crisis in the future. In addition, financial regulation would need to be accompanied by a greater macroeconomic coordination in order to tackle the problem of global macroeconomic imbalances.

43. Fears were expressed about a potential slowdown in global recovery, given the inadequacy of the post-crisis measures and the fading-out of stimulus packages in most countries. The room for using fiscal policy to stimulate recovery in developing countries was limited, owing to debt sustainability concerns. The situation was not better in developed countries, and the sovereign debt crisis in the European Union received wide attention during the Symposium. In particular, there was concern that this could trigger a new global crisis.

44. There were also concerns about the availability of long-term funds for investment in productive capacities, given the current high cost of access to capital for many developing countries. Calls were made for national policies to be supplemented by supranational policies to sustain global recovery. Rising food insecurity in developing countries was another concern that was highlighted.

45. The discussions at the second round-table meeting, on the green economy, emphasized that markets did not reflect adequately the environmental costs of production. For that reason, there was a need for the State to play a more prominent role, and to ensure that the total social cost was reflected in the value of goods and services produced. Participants agreed that current consumption patterns, especially in developed countries, were not sustainable, and that there was a need to address that issue as soon as possible. In addition, investment in the green economy should be stimulated by tax policies. Support was expressed for the proposals, made by the French President to the G-20, for the adoption of mechanisms to ensure stability in global commodity prices.

46. The recommendations of the Symposium were to press for more reforms in global governance; maintain the focus of development on poverty reduction; encourage reforms at the Bretton Woods institutions; secure greater capital in order to fund development; be proactive in anticipating potential future challenges such as climate change; set up income redistribution policies as a way of reducing the costs of volatility in markets; stabilize exchange rate regimes through the use of reserve funds and loans from regional banks; foster the transition towards a green, fair and equitable economy; encourage social equity for a better preservation of the environment; set up policies to increase the creation of employment opportunities; put in place national legislation to encourage the use of renewable energies posing no threat to food security; maintain over time the stability of

subsidies for renewable energy use; and better coordinate macroeconomic policies at the global level.

47. In light of the upcoming UNCTAD XIII conference being held in April 2012 in Doha, Qatar, with the theme "Development-centred globalization: Towards inclusive and sustainable growth and development", the Chair of the closing session invited delegates to engage at the national, regional and international level to bring fresh ideas, rich experiences and practical suggestions and recommendations to the preparatory discussions and debates at the conference. The Chair called for delegates to bring their constituencies' concerns and aspirations to these discussions.

48. The Deputy Secretary-General of UNCTAD, in his closing remarks, stated that the world may actually be in pre-crisis mode, as greater challenges could yet emerge in the form of climate change and environmental crises. This would require countries to accelerate their transition to a green economy. In that context, further research was needed on the issue of subsidies and incentives for industrial transformation, and on finding a commonly accepted price for carbon.

49. Proposals were made for a financial transaction tax to finance a climate-change adaptation fund, and for the use of public–private partnerships to leverage private-sector innovation and expertise with initial support from the State. Calls for a stronger State in developing countries were also made. In addition, partnerships with civil society were considered crucial to bringing about change in the world's consumption, production, trade and finance patterns, and to building support for changes aimed at achieving sustainable and inclusive development. However, such participation by civil society, for instance in the work of the United Nations, would require further financial support from member States and the donor community. The Deputy Secretary-General called upon delegates to work towards ensuring financial support for the participation of civil society representatives at various United Nations activities, including UNCTAD XIII.

50. Representatives of civil society echoed the need for the continued involvement of civil society in international debates, and for incorporating insights from civil society into development proposals. They emphasized that the Secretary-General of the United Nations, speaking at the Fourth United Nations Conference on the Least Developed Countries (LDC-IV) held in Istanbul in May, 2011, had also encouraged participation by civil society in the activities of the United Nations. A request was made for UNCTAD to institutionalize procedures in that regard. There was a need to bring local issues to a global level, and that called for active participation and involvement by civil society in global forums. It was stated that the events currently taking place in the Arab world demonstrated the need to create a space for local people in policymaking at a global level. The real experiences of local people were critical inputs in policymaking. Finally, representatives thanked UNCTAD for organizing the Public Symposium, and said they were pleased by the high quality of the discussions and the proposals made.

II. Breakout sessions

A. Commodity market regulation and food security

Led by World Development Movement

51. It was noted that the Food and Agriculture Organization (FAO) food price index had reached record highs in February 2011, and that there had been a high level of volatility in food prices throughout recent years. It was stated, therefore, that a new food crisis might be on its way. Volatility was also deterring producers from making the necessary investments to increase productivity and production.

52. It was agreed that many factors contributed to the current problems with food security and food price volatility. These included supply shocks, biofuels, land grabbing,

increasing demand in general, lack of investment and research, and the value chain in commodity markets. But it had also become clear that an increasing financialization of commodity markets, through the participation of large financial investors such as banks and funds in the commodity derivatives markets, was taking place. It was noted that this changed price formation and contributed to price volatility, especially in the United States.

53. As for solutions were concerned, it was recommended to have improved regulation of physical and derivative commodity markets, with increased transparency, better prevention and management of food crises, stronger hedging instruments, sustainable safety nets, more investment, and more research. Regulation needed to be coordinated internationally, in some respects. Regarding the financialization of commodity markets, it would be desirable to have position limits, a transaction tax on high-frequency trading, and a rule addressing conflict of interest by banks in commodity markets.

54. The G-20 had recently called for improved regulation for commodity markets, and had issued a report addressing all the various reasons listed above. As far as financialization was concerned, the United States had already decided on new legislation, including pushing over-the-counter (OTC) contracts onto regulated exchanges, real-time reporting of all trade data, and enforced aggregate position limits. In the European Union, regulatory measures were fragmented and the debate was ongoing. Some financial reforms dealt with OTC clearing, strengthening market transparency, market abuse, and position limits.

B. Financial transaction tax: A little from a few, a lot to many

Led by International Trade Union Confederation

55. The session identified a series of global problems in the financial markets, including frequent crises and the distortive effects of speculation on the real economy. Speakers also explained how volatility in financial markets had caused job losses that would not be easily replaced. Furthermore, studies had shown that the next job, after losing one, offered wages that were on average 13 per cent lower.

56. Moreover, the panellists examined a wide range of benefits that the financial transaction tax (FTT) could deliver, from reducing trading frequency and creating conditions for long-term investments, to producing revenue for global public goods. For example, the FTT could provide finances for climate-change adaptation and for the MDGs. The tax could also provide compensation for those adversely affected by various financial crises, and could complement national budgets in the introduction of a social protection floor.

57. The meeting understood that the FTT would need to be part of a wider response. Moreover, different options were examined with regard to the collection and management of the FTT, taking into account the geography of global financial hubs.

58. The French Government explained the plans of the French Presidency of the G-20 with regard to the FTT, and provided useful information for the way forward. France no longer felt alone in pursuing the tax, because trade unions and civil society organizations had shown their support. The representative proposed avoiding the “unanimity trap” and introducing the tax together with those who were willing, and at the same time keeping the discussion framed in technical terms, rather than in ideological terms. Furthermore, the representative remarked that strategies should stress that the tax was not exceptional and that similar taxes had been introduced before. In order to facilitate introduction of the FTT, France would need a consensus in Europe, the support of some big developing countries, and a call for it from African leaders.

C. Back to the future: The unfinished business of 1944 – Bretton Woods in the wake of the Great Recession

Led by Centre of Concern, World Council of Churches, and United Nations Non-Governmental Liaison Service

59. This session focused on reform of the international monetary system. Centre of Concern presented the outcomes of a high-level seminar held in 2010, which had identified a contemporary form of the "Triffin dilemma" (the problems of using a national currency as a global reserve asset) as key to the issues affecting the monetary system today. Other issues reflecting the need for reform included the absence of adequate mechanisms for adjustment of imbalances and the recessionary bias in the adjustment process, the volatility of currencies, the limited capacity of the system to ensure provision of liquidity in times of crisis, the limited opportunities for diversification of reserve assets, and the lack of mechanisms for policy coordination.

60. Proposals for better coordination included the establishment of a Global Economic Council under the United Nations. In both cases, the processes would ensure a constituency-based system. One of the challenges for better coordination was how to ensure that developing countries maintained appropriate levels of policy space to pursue catch-up growth. With regard to capital flows, the proliferation of capital management techniques (including capital controls and prudential regulation) was seen by some as a good response to the problem of volatile flows. Others pointed to the need for these to be rationalized through some multilateral framework – although where such a framework could acceptably be housed remained unclear. With regard to Special Drawing Rights (SDRs), there was a need for a mechanism to increase demand or provide liquidity, as well as to diversify reserves and broaden the benefits of reserve creation.

61. Another speaker noted that the 1944 Bretton Woods conference had been convened as a United Nations conference (even though the United Nations was still under construction), involving 44 countries at the time (including two colonies) – which revealed a commitment to inclusion that would be desirable to reproduce today. Two main developments had significantly changed the landscape since the 1940s and made reform necessary, which were globalization and financialization.

62. One presentation highlighted examples of successful monetary cooperation among developing countries at the regional level. The benefits included alternative provision of development finance, and reduction of volatility in intraregional trade. These mechanisms had been conceived (especially in Latin America) to expand sovereignty and policy space through regional cooperation. This was quite different from a gradual renunciation of sovereignty, and was a key difference from the experience of the European Union which was currently undergoing major difficulties.

63. The discussion suggested that perhaps global rebalancing could occur voluntarily, for example through trade-surplus countries raising wages or pursuing expansionary policies, but this was clearly not happening enough in the short term. There was thus a strong case for SDR allocations to trade-deficit countries that were otherwise subject to asymmetrical demands for adjustment through recessionary measures. Proposals to modify IMF's Articles of Agreement for a new regime on capital controls were hotly contested, since this may give the Fund discretion to decide when and how capital controls were legitimate, whereas the current Article 6 guaranteed that right to all IMF members, including as a permanent feature of a country's policy toolbox.

D. Bringing the billions back for development

Led by Tax Justice Network

64. It was noted that not only was taxation a very important tool for financing sustainable development – it also supported building accountable States, and stimulated

strong institutions and democratization. All speakers at the session agreed that greater transparency and improved international tax cooperation would help to counteract the erosion of domestic tax revenues and capital outflows.

65. Speakers offered divergent views about the effectiveness of the various current proposals and initiatives for reform. The representative of the Global Forum on Transparency and Exchange of Information for Tax Purposes pointed out that her organization had now reached more than 100 member States. It had launched over 60 reviews, and had scheduled nearly 180. She stated that the Forum was nearly a global institution, and defined it as a “success story”. In contrast, a speaker from the Tax Justice Network characterized those efforts as “ineffective” and “a whitewash”, stating that hardly any tax information exchange agreements existed with developing countries. It was stated that, from the African point of view, tax evasion and illicit capital flows reduced tax collection, worsened income gaps, hurt competition, undermined trade, and drained hard-currency reserves.

66. It was stated that information exchange on request would not be sufficient, and that automatic information exchange was needed. Other points that arose in the discussion were a stronger fight against transfer mispricing, and the need for better South–South cooperation in taxation. Some discussants warned about a race to the bottom, and urged stronger efforts in mobilizing domestic resources, as a remedy against “donor fatigue”. Others reported on regressive impacts from the tax system in their countries. Yet others spoke in favour of enhanced capacity-building for their tax authorities, and of strengthening of the civil society in tax matters.

E. Taming the elephant in the room: Do we need an international debt crisis resolution mechanism?

Led by Jubilee Movement

67. The meeting received input on the need for a fair and more efficient sovereign debt workout mechanism from three different angles – the private sector, development NGOs working on debt, and UNCTAD.

68. It was agreed that existing mechanisms were not appropriate for dealing with the sovereign debt crisis in Europe or the problems of indebted countries in the global South. The latter group comprised a broad range of different countries, such as the beneficiaries of the Heavily Indebted Poor Countries (HIPC) programme, which were considered by the international financial institutions to be “high risk”, as well as small island developing States (SIDS), and other groups.

69. Some new instruments, which were being propagated in the context of the European crisis, such as collective action clauses, would be useful in a technical sense but fell short of providing the coherent mechanism being called for by all panellists.

70. Regret was expressed that the eurozone had already lost crucial time to engineer the type of comprehensive workout that the unprecedented crisis had made necessary, by applying a policy of financing the crisis rather than resolving it. At the heart of this failure lay a misunderstanding of the crisis as one of illiquidity rather than insolvency.

71. UNCTAD, through its projects on responsible borrowing and lending, and NGOs through their “Defuse the Debt Crisis” campaign, as well as several European governments, for example those of Germany and Norway, had started to put political weight behind the call for a fundamental reform of global debt governance.

72. Beyond the creation of a neutral and independent workout mechanism, other instruments were discussed, such as audits, and new development financing through bonds linked to gross national income.

F. Transitioning to a just and green economy to address the twenty-first century challenge

Led by Oxfam International and United Nations Non-Governmental Liaison Service

73. The session examined whether and how the "green economy" – in the context of sustainable development and poverty eradication – could deliver an economic model that works for people and the planet.

74. Oxfam started the session by outlining the four-fold challenge facing the twenty-first century. By 2050, the world needed to (a) cut humanity's ecological footprint by 33 per cent in order to live within the planet's biocapacity; (b) redistribute the world's limited resources towards those currently living in poverty; (c) share the planet's resources with nearly 30 per cent more people – around 9 billion by 2050; and (d) accommodate a growing global economy, which was projected to treble by 2050. In their reactions to this framing, several participants emphasized the need for an alternative vision of progress, prosperity and economic value – beyond profits, GDP growth and materialism, and towards the fundamental goods that societies value ("living well", happiness, education, health, preservation of natural resources, and community and social relationships). The critical importance was highlighted of redistribution and equity both within and between countries.

75. Panellists discussed the policy shifts necessary in order to achieve a just, green transition. Developing countries would need considerable financial resources to achieve the shift. The International Trade Union Confederation highlighted proposals for more progressive taxation, including a financial transaction tax, and for enhanced provision of social protection. The South Centre highlighted the issue of trade and investment rules as a block to action in developing countries (e.g. intellectual property rights), and also the need for technology transfer and policy space for developing countries. Oxfam presented ideas on alternative indicators to GDP growth as a measure of countries' prosperity, in order to capture currently unvalued dimensions such as environmental costs, public goods, the care economy, and the underlying assets that economies depended on (natural, social, human, financial and physical). A combined Human Development Index and Global Ecological Footprint could be one such measure.

76. Practical examples were provided of action on the ground. These included India's national employment guarantee system, where communities prioritized work projects that helped protect natural resources, such as local water harvesting. In Brazil, poor communities that had been relocated as a result of tourism investment had been working with municipalities to construct appropriate housing and infrastructure and to create local microfinance schemes, and had been experimenting with complementary currencies. Groups were also taking action through campaigning – for instance, peasant farmer organizations that were arguing for a shift away from the system of industrial food production. Experiments in evaluating environmental costs or green GDP, in China, India and the United States, were also mentioned.

77. In connection with the Rio+20 conference, participants debated the meaning of the term "green economy". Some participants were concerned that the green economy could mean promoting exclusively market approaches and the commodification of nature, and sidelining the three pillars of sustainable development as agreed in Rio de Janeiro in 1992. There was interest in agreeing on common principles with regard to what a green economy must deliver, with a particular focus on equity.

G. Green transition and poverty alleviation in the Least Developed Countries: Taking stock of LDC-IV

Led by Consumer Unity and Trust Society, and Friedrich-Ebert-Stiftung

78. LDC-IV had tried to find alternatives to unsuccessful paths of development and growth. Despite what speakers described as the weaknesses of the Istanbul Programme of Action, there would also be opportunities, which should be used by all stakeholders.

79. The development of productive capacities would assist structural transformation, turning away from traditional patterns. Such capacities could be created through (a) increased energy access using renewable sources; (b) a green revolution in the agricultural sector; and (c) an initiative for green cities to adapt to migration and urbanization.

80. The example that was given of two projects in Bangladesh that used solar energy showed that access to energy would be the driving force behind economic development. Transferring technology should imply providing training to the local population for designing, installing and maintaining technical systems. Support from the private sector would be as important as support from the public sector, for success in the long run.

81. It was noted that agriculture remained the dominant sector in LDCs' economies, and that the environment played an important role in wealth creation. It was stated that organic goods would be very significantly less carbon-intensive, and could be appropriate given the need to export value-added products. Investment in such areas could help LDCs to leapfrog a carbon-intensive industrial economy.

82. It was noted that the current political momentum to strengthen the idea of a green economy would need to be built on sound regulatory frameworks, capacity-building, the removal of harmful subsidies, and prioritizing green investment. To facilitate the transition to a green economy, external sources of finance, appropriate technology, and equitable access to the world market would be necessary. Economic growth and environmental protection were both essential, and could be a chance for LDCs to alleviate poverty.