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**SELECTED ISSUES AND STRATEGIES FOR MANAGING GLOBALIZATION:
PART I: INTERNATIONAL TRADE AND INVESTMENT, AND TRANSPORT
INFRASTRUCTURE AND FACILITATION AND TOURISM**

(Item 5 (a) of the provisional agenda)

**OVERVIEW OF CROSS-CUTTING AND SECTORAL ISSUES RELATED TO
INTERNATIONAL TRADE AND INVESTMENT, AND TRANSPORT
INFRASTRUCTURE AND FACILITATION AND TOURISM**

Note by the secretariat

SUMMARY

The process of globalization has profound, and still unfolding, implications for the region's economic and social development. The challenge is how to manage globalization effectively by formulating and implementing effective policies to seize the new opportunities while minimizing the inevitable costs.

To assist the Committee on Managing Globalization in preparing for its forthcoming sessions, in which it has decided to convene in two parts, the present document focuses on the trade, investment, transport, facilitation and tourism aspects of globalization.

The document highlights some of the persistent and emerging issues in managing globalization that still need to be addressed if the region is to improve competitiveness, along with elements that could be incorporated into the strategic framework for 2008-2009 to assist member countries in addressing those challenges. Finally, the secretariat seeks the guidance of the Committee as to the areas of particular concern, some of which may form the basis for the agenda for part I of the Committee on Managing Globalization.

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INTRODUCTION

1. The process of globalization has profound, and still unfolding, implications for the region's economic and social development. The challenge is how to manage globalization effectively by formulating and implementing effective policies to seize the new opportunities while minimizing the inevitable costs.

2. The Commission, at its sixty-first session, undertook a mid-term review of its revised conference structure, in accordance with Commission resolution 58/1 of 22 May 2002. An outcome of the review was the adoption of Commission resolution 61/1 on 18 May 2005. In the resolution, the Commission decided that "To ensure that the key sectoral issues formerly dealt with by the subcommittees can be addressed more effectively within a thematic framework, the format of the thematic committee sessions shall include segments as follows: ... (ii) Committee on Managing Globalization: Part I: International Trade and Investment, and Transport Infrastructure and Facilitation and Tourism; Part II: Information, Communication and Space Technology, and Environment and Sustainable Development." The decision will come into effect in 2006.

3. In this regard, by February 2006 the secretariat will have prepared the strategic framework for the biennium 2008-2009 which will subsequently form the basis for the programme of work for that period. The purpose of the present document is to take stock of the profound, and still unfolding, implications in the form of persistent and emerging issues along with the related ongoing and mandated activities of the secretariat and to invite the Committee to provide the relevant divisions with guidance as to some of the major elements that should be included in the strategic framework.

4. In the present document, section I provides an overview of the principal drivers and results of globalization, highlighting the rapid regional growth across all sectors. Section II focuses on some of the persistent and emerging issues in managing globalization that still need to be addressed if the region is to remain competitive. Section III submits a number of proposals for future work by the secretariat that could assist members and associate members in addressing some of the persistent and emerging issues, including elements that may form part of the strategic framework for the biennium 2008-2009. Section IV seeks the guidance of the Committee concerning the areas considered to be of particular relevance and importance to them.

I. GLOBALIZATION AND REGIONAL GROWTH

5. While there is no general agreement about the relative importance of the various causes of globalization, there is consensus that the main driving forces behind the current phase include better market access through lower barriers to trade and investment, improved means of transport with lower costs, improved access and application of information and communication technology (ICT), and the availability of cheap and reliable energy. These factors have led to improved growth in many areas of the economy of the region.

6. The most visible illustration of globalization is the increased international trade in goods and services. In 2004, world merchandise trade grew by 9 per cent globally compared with 4 per cent world growth in GDP.¹ Asia remained among the most active trading regions, with a real export growth rate of 15 per cent in 2004, which was the highest in the world; China, the Republic of Korea and Singapore recording growth rates of over 20 per cent.

7. Foreign direct investment (FDI) flows into the Asian and Pacific region soared in 2004 to US\$ 148 billion, an increase of about 40 per cent over 2003, making the ESCAP region the largest recipient of FDI in the developing world. Inflows were concentrated in East Asia (US\$ 105 billion in 2004), with China the largest recipient. In the terms of growth, West Asia performed best, with a 51 per cent increase. Flows to South-East Asia, South Asia, West Asia and the Pacific amounted to US\$ 26 billion, US\$ 7 billion, US\$ 10 billion and US\$ 0.1 billion, respectively. Within this process, South-South FDI grew rapidly, with developing countries in Asia playing a leading role.

8. As a result of burgeoning trade growth, transport expanded substantially with, for example, world container port traffic expanding by 9.2 per cent in 2003, reaching 266 million twenty-foot equivalent units. Asian countries accounted for 46 per cent of container ship operation and 62 per cent of container port throughput, reflecting the massive growth in Asian processed goods. Twelve major South and East Asian ports are together responsible for half of the world's containerized exports. While growth in intercountry land transport within Asia has been somewhat constrained, the construction of roads and railways is bringing landlocked countries the promise of access to new markets and the prospect of becoming "land linking" countries.

9. In 2004, international tourist arrivals worldwide reached an all-time record of 763 million, up 11 per cent over the previous year. More than half of this increase (or 34 million arrivals) was to destinations in the ESCAP region. International tourism receipts amounted to a total value of US\$ 622 billion in 2004, of which US\$ 125 billion were spent in the Asian and Pacific region, an impressive increase of 24 per cent over the previous year.

10. By July 2005, an estimated 15 per cent of the world's population (or 940 million) were Internet users, up from 10 per cent in September 2002. There are an estimated 346 million Internet users in the ESCAP region (that is, 1 person in 11).² In 2003, the Asian and Pacific region had the world's largest numbers of Internet users, far ahead of North America and Europe. There are more than 100 million Internet users in China and almost 40 million in India, causing penetration levels to catch up rapidly with those in North America.

¹ WTO, *World Trade Report 2005* (Geneva 2005).

² Internet World Stats, <<http://www.internetworldstats.com>>.

11. All sectors can improve the impact of their operations through ICT, reducing their use of resources through smart energy management, more efficient transport, transport substitution, dematerialization, electronic commerce and the substitution of services for products.

12. Importantly, globalization has increased the opportunities for a shift towards environmentally sustainable economic growth, or green growth. For example, through easier sharing and transfer of knowledge and technologies, there are now potential new win-win alternatives to the traditional trade-offs between growth and environmental sustainability. More efficient and less materials-intensive production is cost-effective, reduces emissions and creates new job opportunities.

13. Despite the high costs of transporting energy fuels, energy markets have been increasingly integrated regionally as well as worldwide. This has been evidenced by the increasing trade of energy crossing borders before reaching final consumers. Asian energy imports more than tripled between 1985 and 1997, reaching 13 per cent of world energy imports.

14. Bhutan, the Lao People's Democratic Republic and Nepal have benefited from developing their hydropower potential and Bangladesh and Myanmar their natural gas reserves, to their benefit and that of their neighbours. For the landlocked countries in Central Asia, cross-border flows of gas and oil are of vital economic importance, while the negative externalities of oil and gas production and transport have remained a subject of concern.

II. PERSISTENT AND EMERGING ISSUES IN MANAGING GLOBALIZATION: TRADE AND INVESTMENT, TRANSPORT INFRASTRUCTURE AND FACILITATION AND TOURISM

15. The increasing competitiveness of the ESCAP region as well as of individual members and associate members lies at the heart of participation in the globalization process. The terms of reference of the Committee on Managing Globalization, as set out in annex IV to Commission resolution 58/1 of 22 May 2002, highlight the need to address cross-cutting as well as sectoral issues, including multilateral and regional trading arrangements; simplification and harmonization of trade and transport agreements; investment promotion and facilitation; development of intermodal transport to improve access to domestic and international markets; integration of environmental concerns into development programmes; sustainable use of natural resources; creating an enabling environment for the development of ICT; and regional cooperation and effective integration of satellite-based ICT applications.

16. In the following sections, selected persistent and emerging issues in the area of trade, investment, transport and tourism are considered, as well as some of the more substantial activities being undertaken by the secretariat, to assist members and associate members in addressing them.

A. Multilateral trading system

1. Persistent and emerging issues

17. The adoption of trade-oriented growth strategies by Asian and Pacific developing countries will be further advanced by a successful conclusion of the Doha Development Agenda round of multilateral trade negotiations. However, the negotiations are proceeding slowly, as shown by the difficulties experienced in the run-up to the Sixth World Trade Organization (WTO) Ministerial Conference to be held in Hong Kong, China, in December 2005 and the need for a breakthrough to bring the round to a close in 2006, in accordance with the development objectives set out in the Doha Declaration, especially in the four core negotiating issues of agriculture, non-agricultural product market access, services and trade facilitation.

18. There have, however, been some positive developments in recent smaller meetings at the ministerial level that pave the way forward. For instance, in agriculture, WTO members have agreed on a methodology to convert specific tariffs into equivalent ad valorem tariffs. The major stumbling blocks remain the divergent positions on market access, with details on the tariff reduction formulas still to be worked out for both agriculture and manufactured goods, while in the area of services the number and quality of offers are considered by many to be inadequate. In trade facilitation, while negotiations are at an early stage, the spirit appears more positive, showing signs that this might well be an area in which concrete trade and development linkages could evolve.

19. For many countries of the region, their full and effective participation in the negotiation process is constrained due to a lack of resources and institutional capacity to fully evaluate and prepare their positions. Furthermore, 13 countries in the ESCAP region are still struggling with the process of accession to WTO. These countries account for almost half of the countries from around the world that are still seeking membership.

2. Ongoing and mandated activities

20. Recognizing the primacy of multilateralism, the two crucial components of the secretariat's work are first, providing support to members of WTO from the ESCAP region in their preparation and assessment of the implications of ongoing negotiations and second, providing support to ESCAP members and associate members which are in the process of accession.

21. Currently, the secretariat is undertaking activities that seek to promote the advancement of liberalization through the multilateral trading system as a first-best policy option. At the core of its programme the secretariat is providing training programmes, such as the WTO/ESCAP technical assistance programme. Complementing these training activities is a component on research, which the secretariat is implementing through the Asia-Pacific Research and Training Network on Trade, an open regional network composed of leading trade research institutions across the ESCAP region and supported by the International Development Research Centre of Canada. The Network seeks to

strengthen trade policy formulation processes by building up national research and analytical capacity. A second component that complements the WTO/ESCAP programme is a network of WTO acceding countries, in which Governments join to share experiences and lessons learned on WTO issues. Furthermore, in preparation for the WTO Sixth Ministerial Conference, ESCAP is organizing the High-level Government-Business Dialogue on the WTO Negotiations among senior trade officials, the private sector and policy analysts to consider common issues of interest and concern, thereby contributing to the formulation of positions for the Conference. The United Nations Conference on Trade and Development provides substantive support in all of these activities.

B. Regionalism

1. Persistent and emerging issues

22. In parallel with the WTO process, many Asian and Pacific countries are pursuing a path of regionalism and bilateralism as a complementary strategy. The proliferation of bilateral trade agreements and regional trade agreements in the region has proceeded unabated, with many countries becoming involved in an increasingly intricate net of overlapping memberships, each with its own set of principles and commitments, which are sometimes contradictory. On the positive side, there seems to be a trend towards deeper, wider regional trade agreements, moving away from the traditional preferential positive list-based approach towards a zero-tariff, negative list, that seeks to create larger economic spaces. As yet, however, the consolidation and strengthening of these agreements to ensure that they will evolve as building blocks of the multilateral trading system and minimize their potential discriminatory effects are yet to evolve fully.

23. Traditionally, countries have pursued trade and investment liberalization through the lowering, or removal, of border measures such as tariffs and quotas (so-called “shallow integration”) as a means of linking supply-side capacity to improved market access. After nine rounds of GATT/WTO tariff liberalization, this agenda has made significant strides, with average tariff levels having reached single-digit figures and international flows of FDI, trade and financial resources having increased exponentially. The focus has thus gradually shifted away from border measures towards domestic policies which have a trade and investment impact, such as subsidies, standards, customs procedures, regulatory policies and the development of rapid and cost-effective transport systems, the so-called “behind the border” agenda. Convergence on these issues still requires a much deeper form of integration that penetrates into the sphere of the domestic policy arena and brings about a redistribution of benefits and costs across domestic political interest groups.

24. More intense analytical work is required concerning the key policy challenges relating to the extent to which such deeper integration could move forward in a regional context; better understanding of the trade and development linkages is also needed if the countries in the region are to take full advantage of the potential benefits.

2. Ongoing and mandated activities

25. As a first step in assisting members and associate members, the secretariat has developed a “one-stop” database which collates descriptive information on more than 80 regional and bilateral trade agreements applicable to the ESCAP region. The database will be expanded to include trade flows and the development of indicators to assess the implications of those agreements on such flows. The objective is to assist countries in drawing out commonalities among agreements and promote their consolidation with a view to achieving a more rational process of regionwide integration.

26. The Bangkok Agreement is the region’s oldest and largest regional trade agreement in terms of population size. The Agreement will shortly be renamed “the Asia-Pacific Trade Agreement” (APTA) in view of its potential to be a consolidating and integrating force in the region in the area of trade as well as being the only such agreement that links East and South Asia.

27. The process of deeper regional integration requires the development of a regional pool of policy analysts. In this context, the networking of trade and investment-related research institutions through the Asia-Pacific Research and Training Network on Trade is an important aspect of the secretariat’s work in strengthening trade and investment policy formulation in a manner that triggers a mutually supportive relationship between supply-side responses, market access and poverty reduction.

C. Investment climate and international competitiveness

1. Persistent and emerging issues

28. In considering FDI flows, many countries in the region are constrained by real and perceived “risks”, including political, economic and financial risks, seen by foreign investors as high for parts of the ESCAP region. The greater the risk, the higher the premium that investors require; if this is deemed unacceptable, the investors seek other destinations for their investment. To help create a climate that balances the issues of risk and return more effectively, further analysis is required that could include the possibilities of regional cooperation to develop bigger markets, an important incentive for FDI. The emerging trend of increasing outward FDI from some developing countries also provides opportunities to attract investment flows; however, these trends and their impacts are still poorly understood.

29. The promotion and facilitation of an efficient domestic business sector forms the basis for the creation of an efficient private sector. Potential foreign investors in manufacturing often require the pre-existence of efficient local firms to act as suppliers. Comparative studies show that there are still important differences between countries in the region regarding the rules and regulations that influence the business climate. In addition, opportunities for regional networking, cooperation and sharing of best practices have yet to be fully explored with respect to domestic and international competitiveness that may be hampered for example, by insufficient access to funds for small and medium-sized enterprises (SMEs); limited access to efficient business services; lack of quality,

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standards and certification procedures and institutions; and limited clusters, incubators and establishment of science parks.

30. Countries in the region still face a range of constraints in creating a climate conducive to public-private partnerships (PPPs), many of which relate to the fact that in the past investment in infrastructure has only been undertaken within the domain of the public sector and provision for private sector participation is at best still evolving and in many cases relatively new and untested.

31. Some of the issues which have slowed the process of developing PPPs and have yet to be fully addressed include complicated and time-consuming procedures; fragmented complex legal environments; powers and duties to provide physical infrastructure being vested in public monopolies; lack of experience in identifying, evaluating, marketing and negotiating commercially viable projects; lack of, or inconsistent, regulatory functions; and limited access to appeal procedures against “administrative decisions”.

2. Ongoing and mandated activities

32. In order to support FDI, the secretariat is undertaking activities to strengthen the capacity of countries in investment promotion through sector-specific research into the policy, law, regulatory issues and facilitation procedures in member countries and the identification, analysis and sharing of best practices. Draft policy guidelines for effective investment attraction and facilitation, including operational, institutional and legal/regulatory requirements, are being developed and will be presented to and discussed at the International Conference on Strengthening Regional Cooperation for Managing Globalization to be held in Moscow in September 2005.

33. Capacity-building for enterprises, chiefly SMEs, and their supporting agencies, through improving the quality of products and services is an important activity of the secretariat. In order to promote international competitiveness, the secretariat has also initiated a project on technology capacity-building policies to enhance the competitiveness of local SMEs, aiming to assist its members and associate members in developing their subnational innovation promotion policy.

34. Promoting regional cooperation in investment promotion and enterprise development on the basis of good practices, and fostering the participation of SMEs in global and regional supply chains, as well as enhancing the role of regional business associations, private sector enterprises and their support institutions, are other elements of the secretariat’s work.

35. An example of this process is the regular organization of the Asia-Pacific Business Forum which, among other things, promotes public-private sector dialogue. In addition, the Business Advisory Council continues to advise the Executive Secretary of ESCAP on the business dimensions of the secretariat’s work.

36. The secretariat has been active in developing a number of resources to support capacity-building for PPPs in the region. Currently, the resources include the establishment of a network of

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PPP unit or programmes; the development of PPP-readiness indicators; the consolidation of country reports on infrastructure development, with special reference to PPPs; and the development of training materials in, for example, the legal and financial perspectives of PPPs; The secretariat has also completed the first phase of a project on pro-poor public-private partnerships. These resources will be made available on the ESCAP website <www.unescap.org> over the coming months.

37. Within a proposed Development Account project on public-private partnerships, to be implemented with the Economic Commission for Africa and the Economic Commission for Europe, activities include the establishment and facilitation of a global public-private partnership alliance providing an interregional framework of cross-sectoral expertise in the participating countries; the development and implementation of manuals and courses: a database of good practices and promotion of Internet-based regional public-private partnership networks; and the convening of workshops for capacity-building in public-private partnership development and management of public-private partnership programmes.

D. Trade and transport facilitation

1. Persistent and emerging issues

38. Competitiveness in the globalization process is becoming increasingly reliant on comparative cost, reliability and timeliness of delivery. While countries of the region have already benefited from trade and transport growth, flows, particularly between countries of the region, are being hindered by complicated, lengthy and frequently changing procedures and documentation, duplicated inspections, high charges, and unnecessary trans-shipment at border control points, all of which result in high costs for trade transactions and delays for the cross-border movement of traded goods. As a result, goods are not reaching international markets in time and in many cases traders are seeking more reliable sources.

39. Addressing the issues of facilitation is a long-term activity. Even in Europe and the Americas, substantial resources are still deployed to further advance trade and transport facilitation. For the majority of countries in the region, the process of addressing facilitation is only just beginning and sensitive issues and concerns still need to be accommodated by the various ministries concerned in what, in Asia, is a government-led and controlled process.

40. Although the facilitation of international trade and transport involves many government agencies dealing with such issues as trade, transport, customs, immigration, security, health, veterinary and phytosanitary issues, and product quality, most countries of the region have yet to establish sustainable inter-agency collaboration mechanisms. In most cases where coordinating institutions have been established, they meet infrequently and do not function well owing to insufficient capacity or resources. In addition, the process of trade and transport facilitation has been somewhat inconsistent within and between countries owing to the lack of a guiding framework or

tools to identify and quantify bottlenecks along the international trade and transport chain or to assess the competitiveness of alternative routes.

41. While many subregional, quadrilateral, trilateral and bilateral agreements on the facilitation of international trade and transport have been reached by countries and organizations, few have been fully implemented. This is partly due to the overlapping, and sometimes conflicting, nature of obligations in the agreements, even in the same geographical area, as well as a lack of institutional capacity.

42. The application of ICT to facilitation processes, including the electronic lodging of documents, can contribute significantly to the efficiency and rationalization of the procedures and documentation for international trade and transport. However, only a few of the landlocked and transit countries in the region have developed electronic clearance systems for international trade and transport or their integration with e-commerce systems. At the same time, in many cases the systems of neighbouring countries do not allow the exchange of data.

43. The issue of trade facilitation has been raised as being one of particular importance to Pacific island countries, especially as it has become a key negotiating area within the framework of the WTO Doha Development Agenda. Given the relative isolation of those countries, transport logistics is also a persistent issue of importance to them.

2. Ongoing and mandated activities

44. Within a recently initiated interdivisional programme on institutional capacity-building for the facilitation of international trade and transport in the landlocked and transit countries, the secretariat is beginning to work with countries in the region on some of the key issues, which include: (i) regional cooperation mechanisms to establish a collaborative platform for addressing and implementing trade and transport facilitation measures, including needs and priority assessment and capacity-building, and the establishment of an Asian and Pacific network on efficient trade (and transport); (ii) promoting collaboration at the national level for efficient and effective coordination and cooperation among relevant agencies along with appropriate involvement of the private sector; and (iii) reviewing the potential for the harmonization of trade and transport facilitation.

45. The programme focuses on the establishment or strengthening of national trade/transport facilitation committees, and the application of the ESCAP Trade Facilitation Framework and cost/time-distance model as well as its development. The preparation of guidelines on the establishment of inter-operable ICT systems will assist countries in simplifying and streamlining border-crossing formalities and procedures.

46. These activities are also woven into the secretariat's ongoing work under the Special Programme for the Economies of Central Asia and the Development Account project on capacity-building in developing interregional and land-cum-sea transport linkages.

E. Development of intermodal transport infrastructure

1. Persistent and emerging issues

47. Rapid development as a result of globalization is largely occurring in the coastal areas of countries of the region owing to their close proximity to ports and access to international markets. The full potential of intermodal transport to provide efficient access to wider national hinterlands and reach out to landlocked countries has not yet been fully realized. Consequently, large parts of the region have yet to participate fully in the globalization process.

48. Substantial progress is being made in the development of the Asian Highway; however, countries are still facing operational and financial constraints in the construction of the remaining “missing links” and in upgrading below-standard routes (currently 15.7 per cent of the network). With the intergovernmental agreement on the Trans-Asian Railway that is expected to be concluded soon, the two major building blocks of the region’s integrated international, intermodal transport network will be formally established. Even with this progress, much remains to be done on the operationalization and integration of the network, and a range of institutional and technical bottlenecks have to be overcome.

49. The construction of inland container depots and “dry ports” in some countries has clearly shown their potential not only to improve intermodal efficiency but also to act as catalysts and focuses for economic development. However, the number of facilities of this type in the landlocked and transit countries of the region remains small and the opportunities that they create to develop logistics capacity and begin to explore economies of scale, reduced costs in intermodal transport and job creation have yet to be explored.

50. While ICT has been developed rapidly around the region, its application in creating logistics information systems by different modes of transport has been fragmentary. In view of the deficiency in the compatibility of the information networks of different transport modes, it is envisaged that there will be difficulties in realizing fully the potential benefits from the development and operation of intermodal transport systems.

2. Ongoing and mandated activities

51. The focus of the secretariat’s work in the sector includes the administration of the Intergovernmental Agreement on the Asian Highway Network, which entered into force on 4 July 2005, and the identification of funding requirements to upgrade the Network in collaboration with members and associate members and supported by international financial institutions. In the railway sector, the focus of the secretariat’s work is the development of the intergovernmental agreement on the Trans-Asian Railway network and the continued organization of demonstration runs of international container block trains under the existing memorandum of understanding for the Northern corridor of the Trans-Asian Railway, with extension to include other countries.

52. Intermodal perspectives are also an integral part of the secretariat's ongoing work under the Special Programme for the Economies of Central Asia and the Development Account project on capacity-building in developing interregional land and land-cum-sea transport linkages.

53. To further promote the emergence of a regionwide intermodal transport system, the geographic coverage of the integrated international transport and logistics system for North-East Asia is being expanded to other subregions. This work will include the further refinement of policy guidelines on the development of logistics facilities to expand port hinterlands. The application of the guidelines on establishing free trade zones and port hinterland development will also assist countries in sharing good practices on the establishment of infrastructure, legal and financial frameworks and the preparation of draft guidelines for establishing free trade zones.

54. To assist countries in overcoming capacity constraints and upgrading multimodal transport and logistics services, the secretariat is working closely with Governments in the region and the private sector in the delivery of the training materials developed by ESCAP through national training institutes and the freight forwarding industry.

F. Sustainability and globalization

1. Persistent and emerging issues

55. In addition to the sustainability and globalization issues raised in the document entitled "Selected issues and strategies for managing globalization: part II: Information, communication and space technology, and environment and sustainable development (E/ESCAP/CMG(2)/7)", the issue of addressing corporate social responsibility and sustainable tourism as described below are expected to fall within the purview of part I of the Committee on Managing Globalization.

56. With the growing importance of businesses as the principal agents of trade and investment, their role in demonstrating "corporate social responsibility" is only just beginning to emerge within the region. While in some countries, including India, Japan and the Philippines, there are established national networks, such positive experience and opportunities for the private sector, in collaboration with Governments and civil society organizations, to maximize the benefits of globalization while minimizing the negative developmental, social and environmental impacts, have yet to be shared in a meaningful way across the region. This issue is of growing importance for the region, particularly through its effects in relation to outsourcing and global supply chains.

57. Tourism is an economic activity largely carried out by the private sector, the role of Governments being to make policies and plans for tourism development in terms of national objectives, including those related to sustainability. The rapid growth of tourism across the region is leading to a number of problems and challenges with respect to managing sustainability.

2. Ongoing and mandated activities

58. The secretariat can help to make business part of the solution to the challenges of globalization by further promoting awareness in the region of corporate social responsibility and the role and mechanisms of the Global Compact. This could be achieved through support for the establishment of country networks of the Global Compact and the organization of regional meetings to promote the interchange of experiences between networks and network members.

59. The secretariat has been undertaking a series of regional-level and national-level activities to enhance the capacity of Governments to formulate and implement appropriate policies to develop tourism in a manner that is economically viable, socio-culturally acceptable and environmentally sound. These activities have been implemented within the framework of the Plan of Action for Sustainable Tourism Development in the Asian and Pacific Region, 1999-2005. It includes the promotion of the Network of Asia-Pacific Education and Training Institutes in Tourism, which now has 183 members in 42 countries and areas.

G. Inter-thematic issues: emerging social issues and managing globalization

1. Persistent and emerging issues

60. The result of increased motorization at the national level and growth in international transport is that more than half of the world's traffic fatalities occur in the Asian and Pacific region, although only one in five motorized vehicles are registered in the region. In 2003, more than 430,000 people were killed and more than 2 million were injured in road accidents in the region.³ If current trends continue, the secretariat estimates that, by 2020, about two thirds of the world's road traffic fatalities may occur in the ESCAP region.⁴ The economic costs of road accidents range from 1 to 3 per cent of national income in many countries of the region and road accidents in Asia have a disproportionate impact on lower-income groups, thus contributing to the persistence of poverty.

2. Ongoing and mandated activities

61. ESCAP, a founding member of the Global Road Safety Partnership (GRSP), has worked with a wide range of partners, including the Asian Development Bank, GRSP, the World Road Association, the International Road Federation and the International Road Transport Union to raise awareness and share best practices, through a series of expert group meetings. It has also developed the Asia-Pacific Road Accident Database to monitor progress and encourage policy action. The

³ These estimates are conservative. The *World report on Road Traffic Injury Prevention* published by WHO in 2004, indicates that these numbers might be at least twice as high.

⁴ Here the same methodology and main assumptions (for example, GDP projections) were used as those contained in Elizabeth Kopits and Maureen Cropper, *Traffic Fatalities and Economic Growth*, World Bank Policy Research Working Paper 3035, April 2003.

General Assembly in its resolution 58/289 of 14 April 2004 on improving global road safety, invited WHO, in close cooperation with the United Nations regional commissions, including ESCAP, to address road safety issues.

H. Inter-thematic issues: poverty reduction and managing globalization

1. Persistent and emerging issues

62. In considering “targeted” approaches to poverty reduction, the lack of access to transport and logistics facilities is a significant feature of rural poverty. The absence of all-weather roads forces reliance on low productivity transport modes, reduces access to market opportunities by farmers and constrains farm-gate prices.

63. Providing employment opportunities for the poor is one of the major challenges facing many developing countries, including the Pacific islands. This can be particularly acute away from main commercial centres, particularly in rural areas. In this context, making full or part-time jobs as well as employment opportunities available from small-scale businesses in tourism accessible to poor people can assist in reversing the marginalization effects of local communities and help to share the benefits generated by tourism activities widely. In addition, the possibilities for encouraging mainstream tourism operators to take a more enlightened approach to employment have not yet been taken up.

2. Ongoing and mandated activities

64. The secretariat has undertaken activities to create better understanding of the relationships between investments in the transport sector and increases in total factor productivity and how the welfare of the poor is affected by transport infrastructure development. In this respect, a conference was organized on transport and the Millennium Development Goals in New Delhi in April 2005, through the Asia-Pacific Network for Transport and Logistics Education and Research. Experts and senior policymakers presented their research findings and country experiences and deliberated on the issue of transport and development. The outcome of the conference deserves serious consideration by countries of the region. The co-organizer of the conference will issue a special publication in which the interesting papers presented at the conference will be reproduced.

65. Within the project on providing basic services to the poor through public-private partnerships, the secretariat has also developed an analytical framework for the assessment of countries’ PPP-readiness in support of pro-poor development.

66. The secretariat has recently initiated activities to foster pro-poor tourism. These activities have been designed to promote the sharing of experience and good practices related to tourism initiatives which have a positive impact on poverty alleviation.

III. A STRATEGY FOR MANAGING GLOBALIZATION

67. The following proposals for the consideration of the Committee on Managing Globalization are suggested as a possible basis for the formulation of the strategic framework for 2008-2009. In responding to specific recommendations of the Committee, it is proposed that the secretariat continue to utilize its comparative advantage in developing policy guidelines which could be considered for adoption by Governments. Modalities would include legislative meetings to consider regional agreements and norm-setting, analytical research on issues identified by the Committee, as well as regional networking and seminars, workshops and training activities to support capacity-building.

A. Multilateral trading system

68. The outcome of the WTO negotiations will largely determine the evolution of the future work of the secretariat. Consequently, it is envisaged that further assistance would be required to help countries to prepare for their ongoing negotiations and implementation of commitments. To assist in the process, the secretariat could monitor, analyse and evaluate new and emerging outcomes as well as assess the implications of their implementation. Further support to the accession process would continue to include monitoring of the WTO accession negotiations, assessing their development implications as well as evaluating their implications for institution-building and national policymaking.

B. Regionalism

69. It is proposed that ESCAP continue to support the economic integration of Asian and Pacific economies through a functional or geographic consolidation of regional trade agreements by promoting a framework of common principles that are consistent with WTO rules and development objectives. Furthermore, by facilitating the integration of a regionwide zone of efficient production with enhanced opportunities for world trade and investment, an enabling environment could be created for the region to strengthen its position as the world's centre of economic growth and prosperity over the next decade. An integration process such as this could help in identifying areas in which common frameworks could be developed, for instance for rules of origin. The ultimate objective would be to advance Asian and Pacific economic integration as a building block of the multilateral trading system and the global economy. In this context, high priority would be given to widening the scope, deepening the commitments and expanding the membership of the Bangkok Agreement/Asia-Pacific Trade Agreement.

C. Investment climate and international competitiveness

70. In order to help countries to further promote a climate for FDI, including public-private partnerships in infrastructure development, the secretariat could extend its efforts to monitor, analyse and evaluate the requirements for an investment climate that is conducive to the creation of a competitive local and foreign business community. This could include initiatives to strengthen the

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capacity of member States to design and implement consistent policies that promote and facilitate local and foreign investment. In view of the emerging trend of increasing outward FDI from developing countries, this development could also be analysed further.

71. Issues related to domestic and international competitiveness, in particular of SMEs, will undoubtedly remain relevant in the biennium 2008-2009. Depending on the further development of the globalization process, these issues will have to be addressed at the national level and through regional cooperation. ESCAP could further analyse policy options for enhancing the competitiveness of firms in Asian and Pacific developing countries, mostly SMEs, through their internationalization, including by developing linkages with international firms.

D. Trade and transport facilitation

72. The secretariat would continue to adopt an integrated approach to trade and transport facilitation and work closely in support of member countries in the establishment and strengthening of national committees and their networking to provide collaborative platforms for the implementation of trade and transport facilitation measures, inter alia through the Asia-Pacific network on efficient trade (and transport). It would also work towards expanding the geographical scope and coverage of the interdivisional programme on institutional capacity-building for the facilitation of international trade and transport in the landlocked and transit countries to all subregions, including the Pacific, enabling countries to share the experiences and lessons learned in addressing identified issues. In this process, the application of ICT to facilitate trade and transport and provide linkages between traders, ports, inland container depots and border crossings, and to share information on trade flows, documentary processes and route analysis, will be promoted.

E. Development of intermodal transport infrastructure

73. The secretariat would continue to support the development of the Asian Highway Network and the Transnational Railway. With continued implementation and refinement of the Asian land transport infrastructure development project, it is envisaged that the secretariat would further focus assistance to member countries in the mapping, definition, operation and formalization of existing and planned transport infrastructure to encompass roads, rail, port, shipping and air transport, as well as “dry ports”, inland container depots and freight terminals, with a view to exploring the full benefits of intermodal transport. This would be supplemented by proposals for the provision of value added logistics services and special economic zones, which support increased efficiency in the system, add value and create employment opportunities in areas that are in danger of being marginalized in the globalization process. To support this initiative, studies could be focused on specific applications of ICT in intermodal transport and logistics and the development of guidelines for the application of ICT to enhance efficiency through improved connectivity and compatibility among different transport and logistics information systems.

74. At the subregional and regional levels, in collaboration with relevant organizations, transport corridors could be identified and their international development potential and financing promoted to support the development of inland container depots and “freight villages” at locations where the Asian Highway and Trans-Asian Railway routes coincide, and thereby provide access to seaports, as visualized by the Ministerial Conference on Infrastructure, held in Seoul in 2001.

F. Sustainability and globalization

75. The contribution of business to sustainable development through corporate social responsibility and the Global Compact could be strengthened by providing ongoing support for the further development of effective national and regional networks involving all stakeholders that could address a range of specific issues and concerns identified by Governments in the region.

76. Strengthening the capacity of Governments to design and implement appropriate policies, strategies and interventions to develop tourism in a sustainable manner would be a focus of the secretariat’s work on tourism. It is likely that this would be implemented under the framework of the Plan of Action for Sustainable Tourism Development in the Asian and Pacific Region (phase II, 2006-2012).

G. Inter-thematic issues: emerging social issues and managing globalization

77. The Committee may consider recommending that the secretariat focus its road safety-related activities during the biennium 2008-2009 on the monitoring and provision of implementation support for a declaration on road safety that may be considered by the ESCAP ministerial conference on transport to be held in 2006.

H. Inter-thematic issues: poverty reduction and managing globalization

78. The overall objectives of the secretariat’s future work in this area would be to continue to analyse the linkages between, “top-down” or “macrolevel” interventions in the areas of trade, investment, transport, tourism, ICT and poverty reduction, in order to gain a better understanding of their implications for national and regional policymaking. The principal strategic directions for this purpose would be through the promotion of commercial (trade, investment and tourism), electronic (ICT) and physical (transport) access to markets; strengthening domestic business sectors; and the widening and deepening of regional economic cooperation for the more effective integration of the region into the global economy.

79. In addition, the secretariat could consider “targeted” approaches to poverty reduction, including, for example, farm-gate to market logistics.

80. Strengthening the capacity of Governments to design and implement appropriate policies, strategies and interventions to enhance the role of tourism in socio-economic development and poverty alleviation would be the focus of the secretariat’s work on tourism. The related work will be

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implemented within the framework of phase II of the Plan of Action for Sustainable Tourism Development in the Asian and Pacific Region. The technical expertise available in member institutes of the Network of Asia-Pacific Education and Training Institutes in Tourism will be utilized fully.

IV. ISSUES FOR THE CONSIDERATION OF THE COMMITTEE

81. Bearing in mind that the Sixth WTO Ministerial Conference, to be held in Hong Kong, China, in December 2005, the High-level Intergovernmental Meeting on Sustainable Tourism Development, scheduled to be held in Bali, Indonesia, in December 2005 and the ministerial conference on transport to be convened in the latter half of 2006 will further influence the programme of work of the secretariat, the Committee is invited to provide guidance on major elements to be included in the strategic framework for 2008-2009. These may include the following:

(a) Monitoring, analysing and evaluating the outcomes of WTO negotiations as well as assessing the direction in which negotiations are proceeding so that members can be adequately equipped to address the relevant issues;

(b) Advancing Asian and Pacific economic integration as a building block of the multilateral trading system and the global economy;

(c) Promoting regional cooperation in investment promotion and enterprise development, including public-private partnerships in infrastructure development and the promotion of corporate social responsibility;

(d) Promoting trade and transport facilitation;

(e) Supporting the development and upgrading of the intraregional and interregional unimodal transport infrastructure, to be followed by integration of the modes into an intermodal network;

(f) Strengthening the capacity and mobilizing the resources of Governments, the private sector and civil society organizations to design and implement sustainable globalization policies and initiatives;

(g) Focusing road safety activities on a regional declaration;

(h) Analysing linkages between the sectors of trade, investment, transport, tourism, ICT and poverty reduction.

82. The Committee is also invited to provide guidance as to the areas of particular concern, some of which may form the basis for the agenda of part I of the Committee on Managing Globalization.

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