

TD(X)/Misc.4
13 February 2000

Original: ENGLISH

United Nations Conference on Trade and Development
Tenth Session
Bangkok, 12 – 19 February 2000

HIGH-LEVEL ROUND TABLE WITH HEADS OF UNITED NATIONS AGENCIES, PROGRAMMES AND RELATED INSTITUTIONS

Summary

Prepared by the UNCTAD secretariat. Not an official record.

Panellists' presentations (part I)

UNCTAD Secretary-General Rubens Ricupero said that the round table was designed as a contribution to the Millennium General Assembly and as a step towards greater coherence among United Nations bodies dealing with economic issues.

In his opening remarks, United Nations Secretary-General Kofi Annan referred to globalization as a “web of commerce, communication and cooperation” that provides opportunities for some and marginalization for others. The international community’s response is to provide a better understanding of the problem and how to change it. The possible responses are twofold: first, there is the need for increased cohesion among agencies, their bureaucratic strife and piecemeal approaches. However, there was no need to build the system from the ground up, but rather for the organizations involved to respond better to the people of the world. Secondly, there is a need to involve civil society, and in particular the private sector and private enterprises, as one of the driving forces of the process of globalization. In this area, it is important to stress the responsibility of these primary actors, in accordance with the proposal for a global compact for the fulfilment of corporate social responsibility, in order to provide the popular legitimacy essential to real progress.

Mark Malloch Brown, Administrator of the United Nations Development Programme (UNDP), who also served as chairperson of the round table, stressed the need for globalization to become a vehicle for development and not a millstone, something that inspired development rather than dragging it down. Stressing that there is broad-based consensus that the process of globalization should and could not be reversed, he pointed to the need to address the problems of national and global casualties and highlighted UNDP’s role in helping developing countries to devise the policies and institutions to

deal with them. It was UNDP's priority to advocate globalization with a human face, and there was a need for international organizations to strengthen their institutional capacity to tackle the problems of globalization collectively.

Raghida Dergham, senior diplomatic correspondent for *Al-Hayat* and moderator of the round table, launched the discussion by asking what the main economic challenges were which developing countries faced in an increasingly knowledge-based economy.

Denis Bélisle, Executive Director of the International Trade Centre UNCTAD/WTO (ITC), said that the challenges of globalization should not be addressed only at the multilateral and national rules-making level, but also at other levels of managing the integration of developing countries into the world economy. More specifically, he identified four bottlenecks faced by developing countries. First was the supply-side constraints that necessitate inflows of investment and technology at a time of highly international competitive markets for these flows, and which call for innovative policies based on stable and transparent frameworks and market-friendly economic regimes. Secondly, developing country exports were lacking in competitiveness, in terms of both product and marketing quality. Thirdly, developing country exporters and policy makers had limited knowledge of export rules; and fourthly, there were no national export strategies formulated and sustained by a public drive to export.

Kamil Idris, Director-General of the World Intellectual Property Organization (WIPO), said that in today's world economy, wealth creation is based on the magnitude of technological knowledge, in particular digital and genetic information, and the availability of well-structured intellectual property systems. Creativity, knowledge and information are the key to success. In order to trade and grow, it is not simply a question of the need to increase market access but also of the need for capacity-building in institutions and human resources, empowering developing countries with information technology, distance learning and access to global information networks. Nationally focused action plans to address the information gap are essential, as well-designed intellectual property systems enable more foreign direct investment (FDI) and technology to flow, thus enabling more export growth and subsequently the creation of better technology -- indigenous information technologies in particular.

Carlos Margarinos, Director-General of the United Nations Industrial Development Organization (UNIDO), pointed to the need to develop public goals to reconnect public policies with the global economy. Further promotion of trade and investment are dependent upon a set of such policies. In a historical perspective he compared the challenge ahead with the challenges faced by regulators dealing with the inflation crises in the early 1980s, and the problems that arose from the search for good governance and institutional reform in the early 1990s. He also urged policy makers to put aside rhetoric and address the issues in a practical manner at the field level. Enhanced competitiveness was needed for developing country enterprises if they were to profit from globalization as a prerequisite to overcoming the fears connected with this process.

Mike Moore, Director-General of the World Trade Organization (WTO), emphasized that globalization is not a political option but rather an irreversible economic evolution, even if the pace of its advance raises fears of vulnerability. The question of vulnerability, however, applies only to those countries that are left out of the process. To address the problem, the WTO is currently looking at ways of increasing the participation of the least developed countries (LDCs) in the global economy. Free trade is not a panacea; rather, countries have to rely on good governance, transparency, “decent” tax systems and the development of sound infrastructures as a basis for development and growth. In that context he called for increased coherence between WTO and other international organizations and stressed the role of national Governments. Pointing to the fact that in today’s economy it is not coal, steel or oil that is the essential asset for economic growth, but information and knowledge, he urged that e-commerce should be kept free of tariffs and barriers. WTO would resist attempts to jeopardize this opportunity for growth and development of developing countries.

Rubens Ricupero, Secretary-General of UNCTAD, emphasized that the challenge of globalization is to achieve the quality, and not the quantity, of integration into the world economy. Four problems needed to be addressed. First, there was the scarcity and volatility of available finance and the need to develop new regulations and adequate controls. Second were the market access problems of developing country products. Thirdly, there were supply-side constraints in certain developing countries, as well as their dependency on a limited number of commodities as export earners. In this context, he pointed to UNCTAD’s work on investment guides for LDCs and ways to enhance Africa’s attractiveness for investment flows. Fourth, and most difficult, was the need for policies that encouraged a constant process of learning. A related issue was the willingness of international and national actors to provide technology and not to use it exclusively as a profit-making industry.

Ensuing discussion (part I)

Panellists referred to the need to consider the individuals affected by the process of globalization, particularly women and children. The inability of the global economy to deliver decent and stable jobs on a worldwide basis, and the resulting uncertainties surrounding employment, must be addressed. In addition, the education gap between industrialized and developing countries is increasing, thereby threatening further marginalization of the latter. Here, the issue was not only one of knowledge generation but also of knowledge sustainability. As to the Internet, it constitutes a technology breakthrough that will allow countries to leapfrog development steps, provided that the education and literacy gaps are overcome.

Panellists’ presentations (part II)

Moderator Raghida Dergham asked panellists to address the main social and environmental challenges for developing countries posed by globalization.

Nitin Desai, Under-Secretary-General of the United Nations Department of Economic and Social Affairs (DESA), stressed the need to enforce a concern for responsibility and equity. The globalization debate is being held hostage to the notion that globalization apparently had no impact on poverty, and particularly not on the inequality within countries, between countries and among regions, and among ethnic groups. He expressed concern at the lack of commitment of public resources to address the issue. The ability to cope with the challenges of reform posed by globalization was dependent primarily on the institutional endowment of countries and their human resource capabilities. The ability to manage conflict is correlative to the ability to enforce macroeconomic policies. As to sustainable development, environment cannot be managed through markets but requires a public policy response.

Noeleen Heyzer, Executive Director of the United Nations Development Fund for Women (UNIFEM), underscored the importance of the gender issue in tackling the challenges of globalization. Referring to the need to prepare for the reviews of the major United Nations conferences on women and social issues (Beijing+5 and Copenhagen+5), she called for efforts to help close the educational and health gaps between the sexes that in many countries had increased as a result of, rather than been bridged by, globalization. The new framework needed to be pro-women, and global arrangements would need to provide for a component on women. Women had played a major role in the recovery of Asia, and the gender bias should be discontinued both within and outside the United Nations system. Indeed, the United Nations has a special responsibility in this regard.

Mark Malloch Brown, Administrator of UNDP, urged a study of the impact of globalization on sustainable development and pointed to UNDP's upcoming efforts, in cooperation with other international organizations, to identify the winners and losers of the process of globalization. This would help to provide a common perspective enabling the development of a set of public policies addressing common problems. Ultimately, globalization should lead to a more efficient utilization of resources, if managed correctly.

Juan Somavía, Director-General of the International Labour Organization (ILO), pointed to the different levels of uncertainty behind the globalization debate, ranging from traditional issues related to social justice and poverty; job security and perspectives for the future; the future of traditional business; and the apparent need to recycle knowledge on a constant basis. The grasp of the functioning and nature of the "globalization animal" was still unclear and incomplete, and international organizations were apparently unable to address the issue comprehensively. This would hold especially true with regard to the development of modern policy options. These options would need to ensure local and public national ownership of policies, respect of different cultural approaches and, above all, a caring hand.

Michael Zammit Cutajar, Executive Secretary of the United Nations Framework Convention on Climate Change (UNFCCC), emphasized that globalization in an open global society can provide the tide for setting sail rather than a crushing wave that sweeps away those caught in its midst. Social aims must be firmly rooted in national policies and

commitments, and international commitments must be coherent with international actions. Social imbalances could ultimately lead to environmental damage, either through environmental dumping or wasteful consumption. However, there were also opportunities provided by globalization, especially in terms of providing countries with the possibility of leapfrogging and avoiding the mistakes of their predecessors. Social balance and economic growth require an environmental bias so as not to jeopardize the development chances of future generations. In this respect he referred to the useful work undertaken by UNCTAD in this area.

Ensuing discussion (part II)

Panellists referred to the need to address social challenges and the consequences of globalization more widely. Insecurity and a feeling of loss of control led to pervasive anxiety and the rise of right-wing extremists -- particularly in developed countries -- both individually and institutionally. Today's mergers and acquisitions are mostly of a defensive nature. History, however, provides examples of how to deal with crises of this nature, although new challenges call for new regulations. The importance of human values was reemphasized as the organizing principle of developing government policies. Finally, panellists highlighted the role of exporters and small and medium-sized enterprises (SMEs) in integrating developing countries into the world economy. Entrepreneurship and creativity would, however, also require confidence in a rules-based system, with democratic dispute settlement procedures.

Closing remarks

Panellists pointed to their individual institutions' main concerns and proposed concrete actions. Mr. Somavilla (ILO) stressed his organization's goal to become a global forum of knowledge on employment. Mr. Magarinos (UNIDO) reemphasized the need for inter-organizational cooperation at the field level. Mr. Idris (WIPO) called for the empowerment of developing countries with legal means to compete. Mr. Bélisle (ITC) pointed to the importance of joint approaches. Ms. Heyzer (UNIFEM) expressed concern at the feminization of poverty. Mr. Zammit Cutajar (UNFCCC) highlighted the need to support the innovative use of economic instruments to deal with environmental hazards. Mr. Moore (WTO) said his organization had already started to negotiate market access packages for LDCs and to address implementation and transitional problems. Mr. Desai (DESA) reemphasized the need to identify interlocutors for crisis management. In conclusion, Mr. Brown (UNDP) stressed the need to address the legitimacy crisis facing international organizations.