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**EMERGING ISSUES AND DEVELOPMENTS AT THE REGIONAL LEVEL:  
MANAGING GLOBALIZATION**

(Item 4 (b) of the provisional agenda)

**REGIONAL DEVELOPMENTS AND ISSUES**

*Note by the secretariat*

**SUMMARY**

The process of globalization has been more vibrant in Asia than anywhere else in the world, as evidenced by the fact that some of the highest rates of growth in the world are reported in ESCAP member countries.

However, two striking features of the globalization process are that (a) its benefits are not equally distributed among all countries and economic marginalization remains a threat for many of them and (b) it has multifaceted impacts on several major sectors of economic activities and the related issues need to be addressed in an integrated manner to ensure that comprehensive solutions are found for the benefit of all.

To assist its members and associate members in addressing globalization-related issues, the Commission has established a Committee on Managing Globalization under the revised conference structure. This document presents selected issues for the Commission to consider in order to provide guidance to the Committee at its first session. These issues relate to trade and investment, transport and logistics, information and communication technologies and environment and sustainable development.

CONTENTS

	<i>Page</i>
Introduction .....	1
I. NATIONAL AND REGIONAL DEVELOPMENTS IN ADDRESSING THE CHALLENGES OF GLOBALIZATION .....	1
A. Trade and investment.....	1
B. Transport and logistics.....	2
C. Information and communication technologies.....	3
D. Environment and sustainable development .....	4
II. SELECTED CROSS-CUTTING ISSUES: OPPORTUNITIES AND CHALLENGES .....	5
A. Trade and transport facilitation.....	5
B. Trade, environment and development .....	6
C. Role of ICT .....	7
D. Sustainable consumption and production .....	8
III. ISSUES FOR CONSIDERATION .....	9
A. Substantive issues .....	9
B. Implementation modalities .....	11

*Annex*

Table 1. ESCAP members and associate members and their WTO membership status.....	14
Table 2. Accession to the international conventions listed in Commission resolution 48/11, as at October 2002 .....	15
Table 3. Accession to multilateral environmental agreements in the Asia-Pacific region, as at February 2003.....	16

## **Introduction**

1. The process of globalization has been more vibrant in the Asian and Pacific region than elsewhere in the world. Since the mid 1980s, except for the temporary disruption caused by the Asian crisis in 1997, the region registered rates of growth in trade and capital flows that were consistently higher than the global averages.
2. This document addresses some selected aspects of globalization, namely, the challenges and opportunities confronting the developing countries in the region in the areas of trade and investment, transport and logistics, information and communication technologies and environment and sustainable development.
3. Many of these issues have been given priority by Governments, but they have been addressed mostly on a sectoral basis. There is increasing awareness and acceptance that in a globalizing world there is a profound need to understand their complex interlinkages and to address them in an integrated manner through cohesive policy responses, institutional development and collaboration with the non-governmental sector.
4. Under the revised intergovernmental legislative structure of the ESCAP, the Committee on Managing Globalization provides a forum for policy makers to address the complex interlinkages of sectoral policies in the above-mentioned areas. This document highlights some selected cross-cutting issues which the Commission is requested to consider to provide direction to the Committee on Managing Globalization at its first session in November 2003. The Committee, in turn, will provide direction to the relevant subcommittees to further pursue the sectoral aspects of these issues.

### **I. NATIONAL AND REGIONAL DEVELOPMENTS IN ADDRESSING THE CHALLENGES OF GLOBALIZATION**

5. ESCAP members and associate members have made progress in addressing the challenges presented by economic globalization. This section presents some examples that highlight this progress, particularly in terms of the rapid institutional, political and policy changes as well as technological advances in the aforementioned key areas.

#### **A. Trade and investment**

6. The ESCAP region benefits from a number of rapidly growing countries that, despite the current global downturn, have continued to serve as regional growth centres. They have thus cushioned to some extent the negative impact of the world recession on the relatively weaker-performing economies and facilitated their integration into the global economy.
7. Among other forms of economic cooperation, regional trade agreements have stimulated cross-border trade and investment synergies, while contributing to trade liberalization under World Trade Organization (WTO) agreements and multilateral negotiations. WTO negotiations are now  
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high on the economic agenda of virtually all ESCAP members and associate members. This is evidence of the desire to consolidate outward-oriented development strategies, thereby providing further stimuli to trade and investment, which will, in turn, have a positive impact on the region's integration into the world economy.

8. Twenty-five ESCAP developing countries are now members of WTO (as against 20 in 1995) and 13 other members or associate members have applied for WTO membership (see annex, table 1). As their share of world trade increases, the region's perspectives on global trade issues could be brought to bear more effectively in future WTO negotiations and in strengthening the development dimensions of trade rules and regulations. The concerns of developing countries are accorded priority in the Doha Development Agenda. Members of WTO now need to grasp the opportunity to pursue the Agenda's objectives so as to enable developing countries to integrate into the world economy on a more effective and equitable basis.

9. A look at regional trends in trade, investment and economic growth reveals how effectively the region has continued to integrate into the global economy, notwithstanding the financial crisis in 1997. An indicator of the region's integration into the global economy is the share of the developing members and associate members in world exports of merchandise. There was a decrease by approximately half a per cent in this share from 2000 to 2001, though even at about 20 per cent, the 2001 figure remained above the 1995 level of 19 per cent. Foreign direct investment inflows into the region increased in 2001 to about 14 per cent of the world total, which, although still somewhat lower than the pre-crisis peaks, was nevertheless showing upward momentum, led by China.

10. Among the largest developing countries in the region, China and India have played important roles in the trade and investment dynamism of the region. In 2001, while worldwide merchandise exports contracted by 4 per cent, China's and India's exports grew by 4 and 3 per cent respectively. Furthermore, China, through its recent accession to WTO and its ongoing implementation of extensive WTO liberalization commitments, is contributing significantly to the deeper integration of the region into the world economy. Meanwhile, even though the least developed countries (LDCs) continued to account for less than half a per cent of world trade, those engaged in the export of labour-intensive products continued to show trade dynamism, with exports growing by almost 10 per cent. It is important to note that, at the opposite end of the spectrum, other countries of the ESCAP region that do not intensively participate in international trade remain among the poorest in the world.

## **B. Transport and logistics**

11. In transport, increasing globalization trends have been evidenced, among other indicators, by a consistent sharp increase in the volumes of goods moved internationally. This is reflected by average growth of 11 per cent per annum in the total port container traffic of the ESCAP region since the early 1990s.

12. Both rail and road networks in the ESCAP region recorded expansion of around 1 to 2 per cent in the second half of the 1990s. Consequently, countries in the region have been facing the challenge of accommodating much higher traffic volumes on road and rail networks with only marginally improved capacities, to serve the populations in hinterland areas and for outreach to landlocked countries.

13. Aware of the benefits of integrating their markets and of the role of transport, a number of countries have already taken steps to link their transport infrastructure. Malaysia is implementing projects to upgrade its land transport linkages with Thailand; the Islamic Republic of Iran has linked its rail system to that of Turkmenistan; China has connected its rail network with that of Kazakhstan and is conducting feasibility studies on doing likewise with Kyrgyzstan; and together China, Thailand and the Asian Development Bank are financing road infrastructure through the Lao People's Democratic Republic connecting the countries.

14. In a similar fashion, the development of integrated transport systems at the regional and subregional levels may help countries in the ESCAP region to benefit even more from globalization. Initiatives are already under way towards this goal, although different priorities in countries on both sides of a border sometimes slow down the process. The Russian Federation has taken measures to improve the interface between rail and shipping in the port of Vladivostok and the Islamic Republic of Iran is actively developing its land transport linkages with the port of Bandar Abbas to facilitate transit to the Central Asian Republics and the Caucasus countries.

15. Progress has also been made in facilitating cross-border and transit transport. This is despite the fact that procedure and documentation issues are seen as being complex and at times are linked directly to national security concerns. The status of countries' accession to the facilitation conventions listed in Commission resolution 48/11 is given in table 2 (see annex).

### **C. Information and communication technologies**

16. The globalization process has been stimulated by the rapid development and broad application of information and communication technology (ICT), as shown by the growing penetration of the Internet in the countries of the region, where the number of Internet users increased from 165 million in 2001 to 190 million in 2002, i.e., 31 per cent of the world's Internet users.

17. Internet penetration rates in Australia; Hong Kong, China; Japan; New Zealand; the Republic of Korea; and Singapore have reached levels comparable to that in the United States of America, while the rates in Malaysia and the Russian Federation are above the world average of 10 per cent. However, the region's overall Internet penetration rate remains low in proportion to its population despite the fast-growing ICT markets in China and India. In addition, within individual member countries, the divide in Internet access rates and access to ICT services also exists between rural and urban areas and between various social groupings although satellite and wireless communications

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have brought communication services to geographically remote areas despite the non-availability of traditional infrastructure.

18. ICT has enabled innovative applications and services in diverse areas, particularly e-commerce, that have flourished in the region during the last few years, substantially promoting trade in goods and services. Technological developments in remote sensing and geographical information systems have given countries opportunities to strengthen their capabilities in the management of their environment and natural resources as well as in natural disaster management.

19. The region has shown the world's fastest growth in space technology applications, with some countries, e.g., China, India, Japan and the Russian Federation, having end-to-end capability from satellite design to launching, while nine other countries have engaged in multi-mission satellite projects. Numerous Earth observation and meteorological satellite ground stations are operating in more than 30 countries.

#### **D. Environment and sustainable development**

20. While globalization has strengthened economic linkages between countries, it has also brought renewed awareness of the need for cooperation in the protection of the environment and sustainable development of natural resources in order to address unsustainable patterns of consumption and production and integrate environmental considerations into development planning. In recent times, the environment in the ESCAP region has suffered from rapid industrial and economic development. Some of the most severe repercussions with global impacts reported are deforestation and desertification, depletion of biodiversity and transboundary pollution.

21. However, an encouraging trend is the growing awareness of the global impact of local and national environmental problems. The new realities are leading to enhancement in the implementation of integrated environment and natural resources development policies and strategies, more active participation of private sector entities in environmental protection and the promotion of sustainable development. Almost all countries of the region have environmental institutions in one form or another, including an independent ministry dedicated to related issues. National councils for sustainable development or similar coordination mechanisms are being put in place to promote coordination on environment and sustainable development matters. In many cases, the authorities have become more responsive in designing and implementing environmental legislation, regulations and standards to ensure that future development does not continue to take place at the expense of the environment.

22. The successful orchestration of regional perspectives on global initiatives and conferences provides a basis for developing regional cooperation and thereby more effective responses to the challenges of globalization. For example, the Phnom Penh Regional Platform on Sustainable Development for Asia and the Pacific articulated the regional priorities and concerns for the World

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Summit on Sustainable Development. Similarly, an Asian Annex was developed to serve as a regional input to the United Nations Convention to Combat Desertification.

23. A number of intergovernmental institutions have been established for cooperation in environmental matters at the subregional level, which could buttress national efforts to deal with the impact of globalization on the environment. These include the ASEAN Senior Officials on the Environment for South-East Asia, the South Asia Cooperative Environment Programme, the South Pacific Regional Environment Programme, the Inter-State Commission on Sustainable Development in Central Asia and the Northeast Asian Subregional Programme for Environmental Cooperation. Countries of the region have also acceded to various multilateral environmental agreements, as indicated in table 3 (see annex).

## **II. SELECTED CROSS-CUTTING ISSUES: OPPORTUNITIES AND CHALLENGES**

### **A. Trade and transport facilitation**

#### **1. Opportunities**

24. Globalization involves the increasing integration of economies, markets and production chains around the world. Spurred on by liberalization in trade and investment regimes, globalized manufacturing has arisen primarily because international companies realized that they could take advantage of country-to-country variations in labour and material costs, as well as differences in manufacturing specializations. This has created an opportunity for many countries to find new markets for their goods and services provided that they can reach markets efficiently and at reasonable cost. Reducing the cost of administering paper-based trade processes alone<sup>1</sup> would already result in major trade benefits for all countries.

#### **2. Challenges**

25. As traditional trade and investment barriers come down, the ability of developing countries to gain access to new and lucrative markets depends on the ability of countries to facilitate trade. This encompasses a range of elements that go beyond traditional price competitiveness to include quality considerations, efficiency and the timely delivery of goods and services.

26. Export competitiveness also depends on the ability of business to comply with non-tariff technical, environmental, health and safety standards and regulations. Having too many standards is an unnecessary obstacle to trade and adds to the administrative costs of trade without adding value to the products traded, as do such other factors as duplicative and contradictory rules of origin, restrictive licensing criteria and export certification requiring duplicative testing. Evidence shows that procedural and administrative barriers, more than tariff barriers, impede the ability of many smaller

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<sup>1</sup> Estimated at around 7 per cent of the total value of world trade, i.e., US\$ 420 billion (United Nations sources, cited in "The quiet revolution", *Containerisation International*, January 2000).

businesses in the ESCAP region to fully exploit their competitive advantage on international markets. Increased participation of developing countries in international standard-setting bodies and in WTO negotiations would help to reflect their legitimate concerns and reduce the impact of these impediments on the developing countries' ability to trade internationally. The rationalization and harmonization of standards and rules governing international trade will also contribute to more efficient and time-effective customs clearance procedures.

27. The provision of logistical chains that satisfy the needs of integrated production facilities for reliable just-in-time delivery of inputs/outputs and for flexible delivery schedules geared to customized production is another important component of facilitating trade and enhancing export competitiveness. In most cases, these logistical chains involve not only customs clearance and the booking and organization of transport services, but also the provision of value added services, such as warehousing, packaging and the physical preparation of consignments for shipment.

28. Comprehensive logistical systems of the type described above are still at an early stage of development throughout most of the region. Challenges in this regard concern more specifically the development of efficient linkages between and within countries and the introduction of simplified streamlined documentation to allow increased development and utilization of the capabilities offered by the application of ICT and e-commerce. To do so, it is necessary to promote a common legal framework within which secure electronic messages would be exchanged between all parties.

## **B. Trade, environment and development**

### **1. Opportunities**

29. Technological advances, improved management and application of sound environmental policies and the development of new environmentally friendly product designs are all contributing to enhanced competitiveness and increased trading opportunities for developing countries. As such, there is steadily growing recognition that trade and environmental policies can be made mutually sustainable.

### **2. Challenges**

30. Trade and environment challenges broadly fall into four categories: (a) the international competitive effects of environment-related trade standards, (b) the trade effects of environment-related product standards and related ecolabelling and ecopackaging standards, (c) the use of trade measures as a pretext to secure international environmental objectives and (d) the effects of trade on the environment and natural resources.

31. While meeting these challenges, it will also be important to safeguard the WTO open trade orientation, which has served developing countries well, and any possibility that environmental objectives could be used for protectionist purposes should be resisted.



32. Another challenge to the strengthening of mutually sustainable trade and environmental policies is the existence of trade-distorting subsidies, especially those pertaining to exhaustible natural resources. A reduction in such subsidies would improve market access prospects for developing countries of the region, while resulting in more sustainable management of natural resources.

### **C. Role of ICT**

#### **1. Opportunities**

33. By enabling the flow of information required for trade and transport, ICT plays a crucial role in the globalization process. Access to ICT can be achieved in many cases with low-cost computers and telephone lines, thereby creating low-cost opportunities for many countries to realize the potential of ICT and harness it for economic and social development through increased productivity, improved accessibility of information, wider diffusion of knowledge and information and enhanced employment opportunities.

34. One notable development and fast-growing ICT application that contributes to economic activities is e-commerce, which, together with the Internet, helps countries to improve trade management, transaction efficiency, transport facilitation and tourism promotion, which are all essential components of economic integration. ICT and space technology are also becoming increasingly useful tools for informed policy- and decision-making on the management of natural resources and natural disaster preparedness and mitigation as well as for effective participation in multilateral environmental agreements by improving information accessibility and analysis.

#### **2. Challenges**

35. The Tokyo Declaration adopted by the Asia-Pacific Regional Conference on the Information Society, jointly organized by ESCAP and the Government of Japan in January 2003, highlighted critical issues faced by countries in the region and recognized that the development of ICT capabilities in a globalized economy poses critical challenges such as social and cultural changes, marginalization of disadvantaged social groups, loss of cultural diversity and cybercrime. ICT development needs to be coupled with efforts to develop awareness of security issues.

36. There is a high risk that developing countries which do not apply ICT in development processes will be further marginalized in the global economy. Many developing countries in the region, in particular LDCs, are still grappling with a severe shortage of basic ICT infrastructure and skills coupled with high levels of illiteracy among some segments of their populations. In the digital economy, the inequitable distribution of technological advances, the diversified nature of the countries and, within individual countries, the existence of culturally diversified communities still contribute to the sharp contrast between the “e-ready” countries of the region and the less advanced countries.

37. In this regard, liberalization of the ICT sector, particularly in the telecommunication sector, can play a strategic role in attaining the region's development objectives and helping countries to bridge the digital divide. However, liberalization in this sector presents many developing countries with complex policy choices. For example, what is the effect of liberalization on conditions of competition? How can regulatory policies best complement a competitive environment? What is the relationship between efficiency-based liberalization and regulations that seek to enhance equity objectives?

38. Developing countries require time and flexibility in their liberalization strategies so that appropriate institutional, legal and regulatory frameworks can be developed. In the light of the ongoing WTO liberalization negotiations, further in-depth sector-specific analysis and dialogue on these issues at the regional level are important to enable developing countries to participate more effectively in and gain benefits from ongoing WTO negotiations.

#### **D. Sustainable consumption and production**

39. The Earth Summit in 1992 and World Summit in 2002 clearly acknowledged that globalization has engendered new patterns of consumption and production, some of which might pose considerable threats to the environment and sustainable development. The World Summit Plan of Implementation calls for the development of a 10-year framework of programmes in support of regional and natural initiatives to accelerate the shift towards sustainable consumption and production.

##### **1. Opportunities**

40. Throughout the world, as well as in most countries of the region, a growing number of political and economic leaders endorse and advocate policies and programmes to increase efficiency in the utilization of natural resources as well as in the consumption of energy and water resources. Globalization has led to the rapid development of science and technology. Modern manufacturing processes using more sophisticated technology and know-how require fewer materials and less energy and water. Similarly, in the transport sector, the use of clean fuels, alternative and public means of transport and proper transport planning would contribute to more sustainable patterns of consumption. Countries could also promote a "recycling economy" with emphasis on more ecological production and solid-waste reduction. Globalization can facilitate accelerated adaptation to modern technologies, thus allowing developing countries to "leap-frog" to higher levels of productivity and efficiency and make the transition to less resource-intensive patterns of consumption. Gradual intra- and interregional harmonization of process and product standards could also offer opportunities for enhanced cooperation, greater economic integration and shared benefits.

## **2. Challenges**

41. Globalization can imply potentially greater environmental risks or resource depletion. Developing countries and their Governments are thus required to find and apply an appropriate balance of policies and measures that can attract and mobilize the desired national and international entrepreneurial initiative and capital investment, while social and environmental goals and principles are also safeguarded.

42. For the promotion of sustainable consumption and production patterns, it is imperative that developed countries reduce their consumption in order to meet the basic needs of the global population. Enhanced corporate responsibility and accountability also appear to be as important as more systematic application of environmental management and reporting.

43. Mobilizing resources and implementing programmes that effectively support the sustainable development of energy and water resources and their use in the future are expected to remain major challenges for the developing countries during the decade ahead.

## **III. ISSUES FOR CONSIDERATION**

44. While globalization has a direct impact on specific economic activities and the related issues are therefore best dealt with at the sectoral level, it also has multifaceted impacts on several major sectors of economic activities and the related issues need to be addressed in a different manner to ensure that comprehensive solutions are found for the benefit of all interested parties.

### **A. Substantive issues**

#### **1. Trade and transport facilitation**

45. In line with the mandates contained in the Doha Declaration and the Monterrey Consensus, the secretariat could pursue efforts to enhance the supply capacity of countries to take advantage of the market access opportunities offered by WTO agreements. In particular, it could seek to enhance the role of the business sector in promoting efficient, non-discriminatory trade practices and policies that enhance the export competitiveness and investment flows of countries of the region, especially LDCs. The secretariat could also seek to strengthen the participation of the business sector in WTO-related policy dialogues in general, but most specifically with respect to business and trade facilitation issues. Another means of facilitating trade will be through activities to promote networking and other forms of regional cooperation to bring about more efficient use of trade information services by the business sector.

46. In parallel, and in line with the mandate arising from the Ministerial Conference on Infrastructure (Seoul, November 2001), the secretariat could pursue efforts to overcome the friction associated with transport procedures and other institutional constraints that are still impeding

competitive access to the global market through activities promoting, inter alia, the simplification/harmonization of trade and transport procedures and documentation, including ICT applications.

## **2. Trade, environment and development**

47. As part of its efforts to assist members and associate members in more effectively managing the opportunities for and challenges of globalization, and in line with the Doha Declaration and Monterrey Consensus, the secretariat could enhance the negotiating capacity of developing countries in WTO agreements through training activities and could convene regional policy dialogues on trade liberalization, environmental and development aspects of the emerging WTO agenda.

48. Furthermore, the secretariat will be implementing an interregional project on trade and the environment in collaboration with the other United Nations regional commissions as well as the United Nations Conference on Trade and Development and the United Nations Environment Programme. The project aims to (a) enhance the capabilities of the participating developing member States to promote coherent trade-environment policies and undertake effective trade-environment policy analysis, (b) enable developing countries to optimize the benefits arising from trade liberalization as well as advances in ICT, while minimizing the adverse impacts on the environment and natural resources, and (c) give them wider access to information on good practices and experiences related to trade and environmental policy formulation.

## **3. Role of ICT**

49. To address globalization issues, the capacity for the development, transfer and application of information, communication and space technology of developing ESCAP members and associate members, particularly the LDCs, landlocked countries and small island States, as well as economies in transition, needs to be strengthened.

50. Capacity-building and human resources development at the national level are a major focus. There is an urgent need to plan for the development of adequate levels of human resources and ICT skills for applications and services in the fields of trade, transport and the environment.

51. There is also a need to consider the effects of liberalization in the ICT sector on the development objectives of the region, particularly in the light of the ongoing WTO negotiations. Under the WTO/ESCAP joint regional training programme, and in collaboration with other international organizations such as the International Telecommunication Union, the secretariat will enhance the negotiating capacities of developing countries through training activities and the convening of regional policy dialogues on related issues.

52. The secretariat could place its information, communication and space technology assistance in the context of national and regional priorities, develop a targeted strategy for assistance and assist Governments in replicating successful practices in ICT applications for trade, transport and the environment.

53. The work could focus on enabling Governments to undertake policy and legislative measures to increase access to ICT, increase ICT application and services and contribute to the transition to a knowledge-based economy and society in the region. Particular attention will be paid to the effects of liberalization, at both the multilateral and regional levels, on ICT development.

54. The secretariat could also extend its assistance to establish regional cooperative mechanisms to help LDCs to access regional and global information and help them to acquire ICT and space technology products, services and information to support their sustainable development activities, for example, in the field of disaster management.

#### **4. Sustainable consumption and production**

55. The World Summit Plan of Implementation calls for accelerating the shift towards sustainable consumption and production patterns while promoting social and economic development within the carrying capacity of ecosystems and de-linking economic growth and environmental degradation through improved efficiency and sustainability with a view to reducing resource degradation, pollution and waste.

56. The secretariat could thus step up its efforts to facilitate the management of globalization and expand its capacity- and institution-building support for the benefit of the developing countries of the region. Programmes could focus on more ecological enterprise development while enhancing their international competitiveness.

57. The secretariat could also continue to provide a forum for the regional exchange of experience in developing commercially viable technologies and urban and industrial designs through which growth in the material and energy intensity of production and consumption can be restrained.

58. In cooperation with Governments and non-governmental stakeholders, the secretariat could continue to disseminate information and promote the role of the media and other public information tools in raising consumer awareness of issues related to sustainable consumption and production, energy efficiency, water conservation and “green” products and services.

#### **B. Implementation modalities**

59. Although each country has well-recognized sovereign responsibility to develop its national policy framework, build its national capacity in all social and economic sectors and disseminate technologies and services to its population, there are many issues which are of a global or regional nature. Increased regional cooperation could provide a means of reinforcing national efforts and

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further enhancing the effective role of national institutions in the context of globalization. Since policies adopted at the national level in such fields as trade, the environment, transport and ICT have far-reaching impacts beyond national borders, it is essential that through a regional cooperation approach, complementarities be achieved between national development plans, experiences be shared, best practices be identified and opportunities for joint institutional and technical development programmes be exploited.

### **1. Policy coherence**

60. The globalization process is complex, bringing with it fundamental changes in the structure and functioning of socio-economic and political systems both within countries and across countries. Managing this process more effectively requires informed participation in rule-making processes at the international level and reconciliation of international commitments with national priorities. This process is bringing about radical changes in the way countries formulate and implement policies at the national level.

61. More effective participation in, and conduct of, international negotiations, particularly those with legally binding and irreversible commitments such as those under the WTO system and multilateral environmental agreements, would require that national development objectives be clearly set out and that there be broad agreement on the policy measures required to achieve those objectives before negotiations are entered into. Therefore, a national multisectoral preparatory process stretching across a much wider spectrum of government agencies than before is required to backstop international negotiations.

62. Furthermore, as these linkages are becoming much more complex, strategies and policy objectives often conflict with each other across sectors. Mechanisms for promoting dialogue, participation and consultation among all stakeholders – planners, sector-specific officials, business interests, development practitioners, academia and civil society advocacy groups – are required. International commitments will then be seen as a means of locking in economic reform packages that are based, to the extent possible, on bottom-up mechanisms. This would improve the way international commitments are viewed and accepted. All too often the perception is that they are being imposed in a top-down manner. Countries may then find themselves unprepared for the adjustment costs that these commitments bring and the ensuing backlash may result in Governments reversing reforms.

### **2. Institutional capacity-building**

63. As a necessary concomitant to policy coherence, it is important that national institutional capabilities be strengthened so that countries can effectively participate in multilateral negotiations. This will require the establishment of governmental coordinating mechanisms best able to approach policy formulation in an integrated and holistic manner.

64. Strengthened public institutions will also be able to adopt more innovative approaches in attracting and mainstreaming private sector participation in the policy-making and development processes.

### **3. Public-private partnerships**

65. Governments have to respond to increasing demands for, inter alia, better trade and investment promotion services, transport services, environmental services and information and communication services, all of which place considerable constraints on resources.

66. In this context of budgetary constraints, it is important that Governments encourage and facilitate public-private partnerships to mobilize additional resources for development needs as well as capitalize on the private sector's efficiency and innovation. The private sector can bring experience to Governments on how to cope efficiently with globalization. In this regard, mechanisms need to be put in place that will promote regular and frequent interaction between Governments and the private sector. The secretariat could identify good practices in promoting private sector participation and assist in creating opportunities in such fields as trade, transport infrastructure development, ICT and efficient use of energy and water resources. The secretariat could also play a role in devising and launching programmes to promote such partnerships through integrated activities aiming to (a) create a conducive environment, (b) establish the roles, functions and institutional relationships of public and private agencies and (c) enhance institutional networking at the regional level.