United Nations

TD/491

United Nations Conference on Trade and Development

Distr.: General
21 May 2012

Original: English

Thirteenth session
Doha, Qatar
21–26 April 2012

Dynamic developing economies and the least developed countries: Integrating the South

UNCTAD XIII special event

Held at the Qatar National Convention Centre, Doha, on 25 April 2012

Summary prepared by the UNCTAD secretariat

1. The event was organized jointly by the Commonwealth Secretariat and UNCTAD. The main aim of the session was to discuss the future agenda for furthering the integration of the South, particularly how to enhance cooperation and collaboration between dynamic developing economies (DDEs) and the poorest and most vulnerable economies. At the outset, it was noted that the agenda did not imply that the North should in any way be less committed as a donor to the least developed countries (LDCs) or assume less responsibilities. Most DDEs had had experiences and challenges similar to those facing LDCs today, which could prove useful in the development discourse of LDCs.

2. Panellists said that South–South trade had been gaining ground since the beginning of the last decade. More than half of the LDCs' merchandise exports was now being directed to other developing countries, and South–South foreign direct investment had also been growing rapidly since the last decade. The growth of some DDEs, such as Brazil, India, China and South Africa, had further enhanced the potential for South–South trade. The commodity price boom had added to it, but not all LDCs had benefited from the boom, especially those that were net importers. Participants discussed the need to keep from reinforcing the pattern of trade – similar in some ways to the North–South pattern – that concentrated on the primary sector.

3. DDEs faced many challenges in South–South integration. Further, those economies had much lower per capita incomes than the developed countries. For example, the per capita incomes of Brazil and China in 2008 were comparable to those of the United States of America and the United Kingdom of Great Britain and Northern Ireland in 1940. By contrast, the per capita income of India in 2008 was comparable to that of Germany in 1900. Some middle-income countries – aspiring to be more dynamic – were stuck in the middle-income trap; whether they could make a quantum leap depended on many internal and external factors.

4. Nonetheless, DDEs offered unique opportunities for the less developed South, especially compared with the North. LDCs could export relatively more technologically sophisticated goods to DDEs than to the North. This might be possible because of the large variety of consumers at different income levels in those countries, including Brazil, China and India. To build productive capacity, LDCs could obtain foreign investment and technology transfers from DDEs in return for the benefits they could provide to large growing economies, especially by supplying resources to sustain their higher growth rates. DDEs could help them climb the ladder of value addition and restructure their production.

5. Participants discussed the role of initiatives such as the generalized system of preferences (GSP) and duty-free and quota-free schemes in developing productive capacities in LDCs and encouraging export diversification.

6. The Minister of Trade of Bangladesh said that one of the most daunting challenges facing his country and other LDCs was to diversify their production structures and exports. Discussions focused on the growing importance of trade facilitation, infrastructure-building, technology upgradation and institutional development. The quality – rather than the quantity – of the integration of LDCs into the global economy was emphasized. A higher trade-to-gross domestic product ratio did not reflect the quality of integration, as trade in primary commodity might not lead to employment generation and inclusive growth. Many participants agreed that finance and technology were necessary channels, along with trade and investments, enabling a better quality of the South's integration into the world economy.

7. A major challenge facing the South–South agenda was that in many areas – textiles and primary products, for example – LDCs competed with DDEs. In those areas, there was a need for discussion, deliberation and negotiation within the South. Regionalism could play an important role in that discourse.

8. Participants discussed India-Africa cooperation. Several participants said that African countries had found India's training, technology-transfer and knowledge-sharing programmes with Africa very useful. They also explored the idea of a bank to be created by Brazil, Russia, India, China and South Africa (BRICS) and its role in financing infrastructure development and technology transfer in the South.

9. The session also discussed the role of value chains and production in South–South cooperation. There was a need to foster regional supply chains, which began and ended in the South. That would require structural transformation and infrastructure-building in the South. The growth of DDEs crucially depended on the growth of other developing countries, as they had derived their dynamism by engaging increasingly with each other. To avoid a zero-sum game, it was vital to increase the number of DDEs and their engagements.

10. One participant suggested setting up a task force to define the role of a bank of the South in order to give voice to both donors and recipients of finance. Many participants expressed appreciation to UNCTAD and other organizations for their role in international development cooperation. Bangladesh, in particular, had vastly benefited from the GSP schemes and the contribution of UNCTAD. As a result, Bangladesh had been able to diversify its export basket over time.

11. The panellists concluded that the South–South agenda should be nestled into a wider international agenda and that development cooperation should be universalized. Given their work in that area, organizations such as UNCTAD and the Commonwealth Secretariat were well placed to move the South–South agenda forward.