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THE Cairo Conference of developing countries held in 1962 called for the creation of a platform within the framework of the United Nations (UN) to address “all vital questions related to international trade, primary commodity, trade and economic relations between developing and developed countries”. Accordingly, the United Nations Conference on Trade and Development (UNCTAD) was established as a permanent inter-governmental body under the UN General Assembly to deal with issues related to trade and development through an integrated approach. Since 1964, UNCTAD has met in quadrennial sessions to update its mandate and set the principles and priorities of its future work programmes. Building on its earlier accomplishments, the 13th session of UNCTAD, better known as UNCTAD XIII, is going to take place in Doha during 21-26 April 2012.

The overarching theme of the upcoming conference is “Development-Centred Globalization: Towards Inclusive and Sustainable Growth and Development”.

The official part of the event will contain ministerial meetings, high-level segments, thematic roundtables and dedicated panel discussions as well as a Global Services Forum and a World Investment Summit. As is customary, a Civil Society Forum (17-25 April 2012) will precede the official meetings and a number of side-events are being organized during the conference. However, general debates at the “Committee of the Whole” along with meetings of the working groups for the finalization of the negotiating text for UNCTAD XIII, i.e., the Doha Accord, will define the final outcomes of the conference.

Deliberations on the leitmotif of UNCTAD XIII are being fashioned around four sub-themes: i) enhancing an enabling economic environment at all levels in support of inclusive and sustainable development; ii) strengthening all forms of cooperation and partnerships for trade and development, including North-South, South-South and triangular cooperation; iii) addressing persistent and emerging development challenges as related to their implications for trade and development and inter-related issues in the areas of finance, technology, investment and sustainable development; and iv) promoting investment, trade, entrepreneurship and related development policies to foster sustained economic growth for sustainable and inclusive development. The objectives and scope of these four themes closely proximate three of the four sub-themes addressed during UNCTAD XII in Accra in 2008. Unlike in UNCTAD XII, which had a specific sub-theme relating to “Strengthening of UNCTAD: Enhancing its development role, impact and institutional effectiveness”, UNCTAD XIII does not have a stand-alone comprehensive sub-theme to discuss the desired role of UNCTAD in the current context. The issue has been incorporated under each of the four identified sub-themes.

In recent months, a large number of documents have been produced, providing the intellectual underpinnings of the process leading to UNCTAD XIII. The UNCTAD Secretariat has produced a number of background notes on the themes under discussions. The Report of UNCTAD’s Secretary General and the President’s Draft Negotiating Text for UNCTAD XIII are the two key documents that have informed the preparatory process. Inputs from various groups of Member States articulating their positions are providing the goalposts of the discourse on the outcome documents. Such inputs have been received from G77 and China, IUSSCANNZ (a group of developed economies), the European Union, the Least-Developed Countries (LDCs), Group D (a group of former centrally planned economies) and Landlocked Developing Countries (LLDCs). Thus, the evolving composite negotiating text of the conference reflects the struggle in deriving a consensus language taking note of the varying perspectives contained in the inputs received from these country groups.

Despite the elaborate arrangements made for hosting this global platform, the pertinent question is whether UNCTAD XIII will be able to provide action-oriented guidance in addressing the persistent and emerging developmental challenges presently confronting the world. The operational modalities of UNCTAD are based on its three inter-linked pillars: i) forum for inter-governmental deliberations and consensus building; ii) think-tank for research and analysis on key and emerging development issues; and iii) provider of demand-driven technical assistance to developing countries. It is to be seen whether UNCTAD XIII, by leveraging on its three complementary roles, can strategically focus on the current global agenda on trade- and development-related issues.

The conceptual construct of rebalancing

The backdrop of UNCTAD XIII has been provided by the recent dramatic changes in the global economic

environment within which both developed and developing countries have to confront the challenges relating to maintaining macroeconomic stability and accelerating economic growth. On the one hand, the global financial meltdown has been followed by fiscal disintegration in some developed economies, coupled with their above-trend unemployment. On the other hand, enhanced risks relating to food insecurity, energy price volatility, low value addition in commodity markets, and consequences of climate change are threatening the meagre socio-economic achievements of low-income developing countries.

Sustained performance of the Southern growth poles is also creating new tensions in the global political economy. As the terminal year of the Millennium Development Goals (MDGs) draws near, the state of low and uneven achievements of the MDGs has emerged as a major concern. Faltering global economic recovery, rising inequality, pervasive social exclusion, and deficit of investible resources for gainful employment generation are often getting manifested through social upheaval and political backlash. As a result, policy makers all over the world are being compelled to revisit their traditional economic wisdom.

In this context, UNCTAD XIII seeks to propose a development design, styled as “Development-led Globalization (DLG)”, with a view to attaining “inclusive and sustainable development”. The concept of DLG has been derived by distilling the lessons of the recent (ongoing) global financial and economic crisis. Three such lessons mentioned in the Secretary General’s Report are the following: i) leaving the markets to regulate themselves is both ineffectual and costly; ii) when a large number of economies collapse so dramatically, there must have been underlying weaknesses and fragilities missed or ignored by policy makers prior to the crisis; and iii) when things do fall apart, the state remains the only institution capable of mobilizing the resources to confront large and systemic threats.

To get away from a “business as usual” trajectory, the concept of DLG has been juxtaposed with the dominant practice of “Finance-led Globalization (FLG)”. Although a structured and/or formalized definition of DLG has neither been provided in the Secretary General’s Report nor in the text under negotiation, one can very well tease out certain notable characteristics of the proposed conceptual construct from the mentioned documents.

The critical emphasis of DLG is on addressing the “imbalances” pervading the global (also regional/national) economic policies and institutions. To this end, DLG is expected to reconnect “finance with real economy”, particularly for building productive capacity.

DLG calls for deployment of “new” industrial policies for “positive structural transformation” of developing economies based on “mutually supportive linkages between investment, productivity and employment”. Economic diversification, through participation in global supply chains, including in the services sector, is also considered important in this regard.

In order to provide social protection to vulnerable population, there is a need for strengthened role of social policies for putting in practice the concept of DLG. With a view to forging positive interface between economic and social policies, institutional and political relationship will have a critical role to play.

To address the high requirement for investible resources, DLG maintains that domestic resource mobilization has to be accelerated, concessional resource flow to low-income countries has to sustain, and innovative methods ranging from public-private partnership to the use of new financial instruments to tapping private philanthropy are to be exploited.

DLG recognizes the key role of private sector-driven economic growth as it will facilitate adjustments during structural transformation. Recovery of the global economy will be redeeming in this respect as it will help all countries to float in the rising tide.

DLG entails refashioning global economic governance, particularly for reconnecting the financial market to the real economy, to discipline the procyclical flow of capital which is often speculative in nature and destined for a limited set of countries. For doing so, global institutions are to demonstrate more coherent, consistent and coordinated performance. Strengthened voice of developing countries in these institutions is to contribute towards this end.

Interestingly, while proposing some bedrocks of DLG, it has been recognized that there is no universal blueprint for achieving inclusive and sustainable development goals. It is reckoned that institutions and policies have to be tailored to local capabilities, conditions and needs. Therefore, “development is a challenging process of self-discovery, innovation and adaptation for each nation”. All countries should thus be endowed with the policy space for undertaking this developmental quest. This policy space is to be utilized for fostering deeper internal integration, complemented by external integration. The yardstick of a

successful balance of the two (internal and external integration) would be effective mobilization of domestic and international resources for fostering productive capacities, entrepreneurship and enterprise development, job creation, technological upgradation, and resilience of the economy to unforeseen shocks.

The negotiating text underscores that all countries have the primary responsibility for creating an enabling environment for the achievement of the aforementioned goals at the national level. This calls for, inter alia, establishing strong and fair legal and regulatory framework, sound financial management and corporate governance, and efficient participation of civil society in the affairs of the state.

In sum, DLG is required to correct market failures, promote collaboration, manage integration of the global economy and ensure that rewards are evenly shared. One may consider that many of these propositions are motherhood statements reflecting the emerging consensus in development discourse, with which it is difficult to disagree. Others may find the same propositions too heterodox, particularly those relating to the economic role of the state in managing markets and guiding investment. Regrettably, the challenges of drafting a consensus document in a member-driven organization with varying interests and concerns inevitably lead us to the “lowest common denominator” in terms of language, if not thoughts. Experience suggests that, in the absence of a consensus regarding certain parts of the text (which in effect is an expression of difference in thoughts), negotiators often fall back on “earlier agreed” language. One wonders, given the persistence of an unfinished agenda and prominence of new realities in the global economy, to what extent the drafters of the UNCTAD XIII outcome will find the old texts still usable. For example, how will the UNCTAD’s Doha Accord, among a plethora of global documents on different aspects of the current development challenges, distinguish itself in terms of inspiring vision and delivering a serviceable work programme?

Revamped international partnership

The outcome documents of all UNCTAD conferences have essentially been partnership documents expressing resolve of the Member States for pursuing common goals with differentiated responsibilities. As may be expected, the need for strengthening all forms of “open and inclusive” cooperation for trade and development including North-South, South-South and triangular have been reiterated during the run-up to UNCTAD XIII. Some of the often-mentioned issues in this regard are discussed below.

Renewed partnership in the area of trade, development and other related issues has to be directed in creating an effective global regulatory regime in support of DLG so as to strengthen and harmonize collective rules and actions, particularly in the area of finance.

The reinvigorated partnership has to address the vulnerabilities of developing countries emanating from the changes in policy and economic conditions in developed countries.

Given the continuing stalemate of the Doha Development Round of the World Trade Organization (WTO), UNCTAD has to strengthen its oversight role concerning the international trading regime, particularly with respect to the proliferation of non-tariff measures. The issue of ensuring consistency and compatibility of regional trade agreements with relevant provisions of the WTO agreements has also attracted attention in the preparatory process of UNCTAD XIII. Other trade-related challenges that are expected to be under the purview of international cooperation include insufficient trade facilitation, high transport and commercial transaction costs, slow pace of technology diffusion and discriminatory impediments to WTO accession (for the LDCs).

There is also a need for international sharing of best practices in the area of operationalization of inclusive and sustainable development policies.

The call for disbursement of official development assistance (ODA) in accordance with UN targets, and taking active part in the Aid for Trade initiative, particularly in the Enhanced Integrated Framework (EIF), resonate on a number of occasions in the documents related to UNCTAD XIII.

Notwithstanding the broad agreement among the Member States on the aforementioned issues, the draft composite negotiating text does expose the varying perceptions regarding the relative role of emerging economies in giving effect to renewed cooperation and partnership. Given the growing economic prowess of emerging economies, South-South integration and cooperation have emerged as an additional development resource for low-income countries. The “emerged” South does appreciate its new role as an international development partner, but contends that it has not yet reached anywhere near the average levels of income in the North. Hence, for the time being, North-South cooperation has to remain the main

form of international development cooperation. A number of stronger Southern countries have already provided duty-free and quota-free market access to the products of the LDCs, but they are not yet ready to be considered as a source of ODA for the latter. It is, therefore, to be seen how UNCTAD XIII redefines the scope and responsibilities of South-South economic cooperation and solidarity in practice.

Nevertheless, there is definitely an overwhelming consensus that the major beneficiary of the rebooted international cooperation has to be the most marginalized, disadvantaged and vulnerable countries in the world. The draft outcome document of UNCTAD XIII, on a number of occasions, singles out the LDCs, small island developing states, LLDCs, the countries in systemic transition and the countries in conflict (or in a post-conflict phase) as the major recipients of UNCTAD’s interventions.

Existential challenge to UNCTAD

Besides introducing a novel conceptual construct on globalization and adopting a demand-driven outcome document of UNCTAD XIII, what will possibly matter the most in the coming days is UNCTAD’s capability to service its mandate: How will UNCTAD retain and reaffirm its unique identity and role by delivering on its new work programme? Since the creation of UNCTAD, over the decades, institutional features of the development landscape have undergone an immense metamorphosis. A number of competent and visible development-related agencies have emerged, often with work areas overlapping with that of UNCTAD (e.g., the WTO and Common Fund for Commodities). Indeed, a number of UN agencies, such as the United Nations Department of Economic and Social Affairs, the United Nations Development Programme and the UN Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, are also pursuing similar trade- and development-related issues. This is not to say that certain intellectual products of UNCTAD do not stand out on their own in terms of both rigour and relevance (e.g., works on investment and competition policies). The fundamental challenge for UNCTAD in this regard will be to protect and promote its niche space by avoiding duplication and building strategic alliances. Over and above, there is the demand on UNCTAD to be part of “UN Delivering as One”.

Admittedly, there are divergent views on the relative importance of the “three pillars” of UNCTAD’s function. Agreeing on the utility of UNCTAD as a forum for inter-governmental deliberations, some Member States attach more importance to UNCTAD’s role as a generator of fresh, innovative and alternative ideas for successfully addressing the trade- and development-related challenges of developing countries in a not-so-conducive global economic environment. Conversely, another set of Member States, also appreciating the value of UNCTAD’s inter-governmental process of consensus building, wants to promote the role of the organization more as an agent for delivering technical assistance of high practical value. Both these approaches have serious implications for UNCTAD’s financial and human resource requirements.

Thus, the relevant consideration in this respect would be the capacity of the top echelon of UNCTAD to provide a robust, inclusive and inspiring leadership. Regrettably, the public disclosure of the not-so-flattering findings of a recent management review conducted by an agency of the UN has foreshadowed these concerns.

Still, UNCTAD remains a resourceful institution with great heritage and continuing relevance. It has made key contributions in achieving concrete goals identified by the international development community. UNCTAD is a home to a large number of talented and dedicated development experts. The developing world looks upon it as a natural ally. The developed economies find it as a useful platform for generation of practical ideas to promote the integration of developing countries into the global economy. The civil society largely empathizes with the works of UNCTAD.

Thus, one is inclined to believe that UNCTAD XIII will provide the much-needed impetus to the organization, capitalizing on its comparative advantages, to come out of the “business as usual” mode, which it strongly recommends for the rest of the world.

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(The scheduled write-up for today has been withheld and this article is published for the benefit of the readers, given its relevance.)