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**Theme Addressed:**

**Sub-theme 3:**

Realzar el ambiente que permite en todos los niveles para consolidar capacidad productiva, comercio y la inversión: recursos de movilización y el conocimiento para el desarrollo

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**Input:**

La Asociación Industrial Latinoamericana - AILA, nace en abril de 1962, en la ciudad de Buenos Aires, durante la realización de la I Asamblea de Empresarios Industriales de los Países Miembros de la Asociación Latinoamericana de Integración – ALADI.

La AILA es una asociación internacional no gubernamental, de duración indefinida, sin fines de lucro, considerada como la máxima entidad representativa del conglomerado industrial en Latinoamérica.

Actualmente AILA, mantiene entre sus miembros a las instituciones más representativas del sector industrial pertenecientes a quince países de la región, como son; Argentina, Bolivia, Brasil, Chile, Colombia, Ecuador, Panama, Peru, Uruguay, Venezuela y cinco naciones Centro Americanas entre las cuales podemos mencionar a; Guatemala, Costa Rica, Honduras, Nicaragua, El Salvador. Además de mantener continuo contacto con Instituciones de gran relevancia Internacional como son ALADI, OEA, AICO, EUROCHAMBRES entre otros.

Entre los objetivos que, la Asociación Industrial Latinoamericana se ha planteado para el año de 2008, se encuentra realizar un Proyecto que obtenga como resultado la creación de un Observatorio de Costos Industriales Latinoamericanos. El cual debe estar conformado por las siguientes variables a trabajar como son:

Conformar y agrupar de forma sistemática toda la información concerniente a la dinámica laboral en Latinoamérica.

Para ello, se ha esquematizado un programa de actividades que deberían arrojar resultados que faciliten información relevante a los empresarios e investigadores especializados en la región. Todo ello, ha sido realizado con la finalidad de crear un material de apoyo útil para alcanzar la toma de decisiones requerida.

Procediendo en primer lugar, a realizar un estudio descriptivo y analítico referido a los costos industriales y sus niveles de competitividad tanto en el ámbito comercial como social, teniendo presente que la información en cuanto a los índices debe partir de un año base, o momento coyuntural en el cual se haya producido un lapso relativamente estable para las naciones que conformen la información correspondiente al presente proyecto.

En tal sentido, uno de los propósitos es el de señalar igualmente un análisis referente a la diferenciación de términos legales, ya que los mismos aun cuando se encuentran claramente especificados según la norma, pueden arrojar diferentes formas de interpretación dependiendo de la región, y más allá observar que la norma cumpla con las exigencias de la Organización Internacional del Trabajo (OIT).

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**Theme Addressed:**

**Sub-theme 2:**

Key trade and development issues and the new realities in the geography of the world economy

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**Input:**

Trade and financial liberalization which is a mantra of the International Financial Institutions (IFIs), the World Trade Organization (WTO) and other institutions promoting neo-liberal globalization is further exacerbating hunger and malnutrition and intensifying the impact of corporate agriculture. The trade liberalization agenda under the WTO is further unfair and weighted against Southern countries. With the uncertainty on the previous and current negotiations in the WTO, bilateral trade agreements as well as regional trade agreements between the powerful countries of the North and the underdeveloped Southern countries have been mushrooming in the region.

As Jean Ziegler, the UN Special Rapporteur on the Right to Food succinctly explains, "Today, agricultural trade is far from being free, and even further from being fair. Many developed countries continue to protect and subsidize the production of basic, staple foods. Many developing countries are becoming dependent on food imports, and are subjected to unfair competition from developed-country products sold at prices below the cost of production. This displaces local production of basic foodstuffs and farming livelihoods in those countries. This also has important implications for the realization of the right to food."

Strengthening intellectual property rights (IPR) is a central plank of bilateral free trade agreement (FTA) negotiations for the US. The Trade Promotion Authority, under which the latest FTAs are being negotiated, explicitly states as a negotiating objective to promote intellectual property rules that "reflect a standard of protection similar to that found in United States law." US corporations want countries to commit to obligations that go even further than those in the WTO Agreement on Trade Related aspects of Intellectual Property Rights (TRIPS). Such obligations are called "TRIPS-plus".

Meanwhile, the elimination of existing tariffs on agricultural goods in FTAs threatens small farmers' livelihoods, unable to compete with floods of cheaper, often subsidized imports.

Bilateral strategies to promote biotechnology and "TRIPS-plus" intellectual property rights regimes are carried out in a number of ways. These include: FTAs; unilateral trade policies; Bilateral Investment Treaties (BITs); Trade and Investment Framework Agreements (TIFAs –a prerequisite to full FTA negotiations with the US); bilateral intellectual property agreements; bilateral scientific and technical cooperation agreements; development cooperation and partnership agreements, and WTO accession agreements.

In the Asia-Pacific region, a US – Singapore FTA is now in force, and Washington is currently in FTA negotiations with Thailand. It has bilateral trade agreements (BTAs) with Laos and Viet Nam. The US has also signed bilateral TIFAs with Afghanistan, Brunei, Indonesia, Malaysia, Mongolia, Pakistan, Philippines and Sri Lanka. There is also a US-Central Asia regional TIFA with Kazakhstan, Kyrgyzstan,

Tajikistan, Turkmenistan, and Uzbekistan. US-Taiwan TIFA talks have currently stalled, while in the case of Bangladesh and Cambodia, TIFAs with the US have been negotiated but are yet to be signed. India is negotiating Indo-ASEAN FTA Trade Agreement and Indo- Japan bilateral FTA.

A key motivation of a developing country for entering into an FTA with an unequal partner seems to be the quest for a better market access in the developed country market by way of a preferential deal. Such FTAs are generally believed to attract more foreign direct investment (FDI) in the developing countries involved. However, the goal of a preferential market access often becomes far-fetched when the same developed country enters into a preferential arrangement with another developing country leading to the problem of preference erosion for the former developing country. Such problems of preference erosion are likely to show a rising trend if the explosion of North-South FTAs continue to persist.

As observed by the Trade & Development Report 2007 of UNCTAD, since they involve reciprocal commitments, FTAs between developed and developing countries also eliminate the Special and Differential Treatment (S&DT) that may be granted to developing countries in the context of other agreements. The reciprocity principle in North-South FTAs places developing countries at a disadvantage vis-à-vis their developed-country partners, as they typically enter into the liberalized trade relationship at a less advanced stage of domestic industrial development, implying lower supply and marketing capacities.

This is absolutely necessary for engaging people to understand ground realities in developing countries from civil society's perspectives and what steps are required to reverse the trend of getting marginalised in the bilateral/international trading and economic system. UNCTAD XII will be a unique opportunity for trade diplomats of developing nations to voice their concerns in a comprehensive manner.

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**Theme Addressed:**

**Sub-theme 1 and 4:**

Enhancing coherence at all levels for sustainable economic development and poverty reduction in global policy making, including the contribution of regional approaches

Strengthening UNCTAD; enhancing its development role, impact, and institutional effectiveness

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**Input:**

1. This new political context has been shaping global governance development discourses. It also resulted in a definite shift of resources allocation from aid for development, entailing the concept of public intervention in development policies, to aid for trade<sup>1</sup>, which advances the paradigm of public aid to increase private sector competitiveness and production.

2. Although, such a lexicon might appear only as a minor change in language it represents a major international and national political transformation as it impacts allocation and distribution of public funds and limits the scope for both gender budgeting and non-competitive sectors in public policy-making. The dominant development discourses over the past decade stress, therefore, that international trade and private sector are the best tools to achieve national development and wealth.

3. In 1995, the Marrakech Agreement establishing the WTO<sup>1</sup> marked a step further towards the concretization of the neo-liberal political belief and vision of development. The WTO expanded the field of action of the 1947 GATT.

4. By including in its Agreements liberalization of agriculture and services and protection of trade-related intellectual property rights, WTO Members have delegated part of their national competencies to the international sphere.

5. This decision is political, and represents a symbolic step towards the centrality of international competitiveness as opposed to national and local social cohesion in national and international policy-making. This shift has impacted development discourses. It is a part of a continuous process of building a market society and consolidating the gains of capitalist relations in the hands of a few firms, this time, at a global scale.

6. The WTO and its sister organizations, the World Bank (WB) and the International Monetary Fund (IMF) emphasize in their development discourses the role of trade mainstreaming (through the strengthening of the private sector) as a development tool, while spreading the political idea that trade is not only an economic tool but also a political vehicle to achieve international peace and social stability worldwide. Development, through trade and its consequent macro-economic adjustments, is to be reached in the long run. This political spectrum of ideas highlights that international trade will carry development.

7. Reciprocity of trade concessions and market access are the pillars of this vision of development that neglects social stability and equality at the national level, while it emphasizes the potential cascade effect that global growth could eventually have on national welfare. Unfortunately, this global perspective of international trade does not provide any lens to read the challenges of national policy-making, and in particular to analyze the impact of trade liberalization on gender relations and women's role in both developed and developing societies.

8. In this regard, while acknowledging that positions might diverge on whether or not integration of developing countries into the global economy is, and can be, conducive to development, the dominant neo-liberal credo highlights that difficulties in achieving development and social justice are only temporary or related to the lack of proper implementation of neo-liberal fundamentals by developing countries.

9. Development policies become homogeneous. This one-size-fits-all discourse in economic and social development stresses as its entry point the need for stable monetary policies, macro-economic discipline, competitiveness and private sector development. All these prescriptions are supposed, of course, to be gender and socially neutral. However, empirical evidence and civil society voices have been showing that fiscal privileges for enterprises and the privatization of public goods, such as water and electricity, as well as the implementation, or lack thereof, of WTO trade rules have not automatically resulted in economic growth, nor in gender-sensitive development. Rather impact has been generally contradictory and rife with tensions.

10. In the process of the WTO negotiations developing country-Members highlight that there is a link between lack of true liberalization in industrialized countries, i.e. in agriculture, and their lack of development. This is a particularly important political argument as it raises the issue of the role and the margins of maneuverability national authorities in developing countries have in formulating, implementing and evaluating national programs and policies. In this regard, at least two main pieces of empirical evidence are worth recalling.

11. First, at the national level most developing countries continue to face the challenges posed by the structural adjustment programs (SAPs) as demanded by the WB and the IMF to provide their loans. By reducing resources available to national authorities, these programs have undermined their capability to provide support, at least through access to public services, to socially vulnerable groups, in particular women and children. This situation results in class and gender inequities.

12. In this context, the rich have become richer and the poor poorer, while women's burdens and gender inequalities have increased as a result of the reduction in public employment and lack of universal access to public services.

13. Indeed, by reducing employment in the public service sector the SAPs contributed to the instability of incomes for women, while the dismantling of public education systems and lack of

sanitation (two sectors considered burdens to the State) have intensified the work burden and overall life condition of both rural and urban women and their families.

14. Second, at the international level, the analysis of the link between economic growth, production, the market and development has neglected to take into account, among others, women's subordination and the pursuit of gender equality, thus ignoring men's and women's differential interests and needs arising from existing local social and class structures and conflicts. In sum, it ignores gender power relations.

15. The assumption that economic development when it occurs is generally beneficial to all has often neglected the evidence showing the existence of polarizing social effects of development policies and market instruments. One example is agricultural production for commercial purposes. The intensification of commercial agriculture has often resulted in stronger class and gender differentiation. Small family farmers, usually women, have been facing the consequences of the rise in prices of inputs and the deterioration of terms of trade, while struggling against land alienation. It is typically the more affluent social groups—those with secure access to land, irrigation water and marketing outlets as well as with access to political spheres, who have been in a position to reap the benefits of global economic growth. These are usually wealthy men owning extensive crops for exports. A better analysis of these social processes would cast some doubt on the optimistic assumption that integration in the world economy through trade liberalization in agricultural goods would automatically result in development strategies that by a multiplication effect would then naturally benefit women.

16. Furthermore, global development discourses neglect the political dynamics at the local and national level. The neo-liberal discourses also present national dynamics in their technical aspects, particular in regard to macro-economic and monetary policies as if they were totally gender neutral.

17. The common objective of the whole governance system is the pursuance of development and improvement of living standards worldwide. However, divergences persist with regard to the political perspectives on development objectives to pursue and on how to achieve development. The international (intergovernmental) global governance regime and its discourses on development understandably reflect these diverging interpretations of what development is and how it should be reached.

18. In this respect, at least two blocks of official discourses can be identified. The three sisters, the WB, the IMF and the WTO, on one side. The discourse and instruments proposed by the United Nations and its specialized agencies, on the other. The first block working mostly on macro-economic and trade principles, while the second addressing mostly political and social policy issues. A few major institutional differences are to be underlined.

19. The WB and the IMF are lenders. This means that they have a much stronger bargaining power vis-à-vis countries that demand a loan. In the area of trade, the WTO Dispute Settlement Body (DSB) provides its Members the opportunity to launch a complaint to be compensated for commercial losses resulting from non-compliance of WTO Agreements by another Member. This enforcement mechanism represents a major constraint with regard to trade commitments taken by WTO Members.

20. The UN system's enforcement bodies are weak and have no compelling power on its Members. The UN is therefore confined to the so-called declaratory diplomacy. As a result, its action in response to the WB, the IMF (part of the UN system) and the WTO (not part of the UN) remains fragile. A typical example relates to the WB conditionality of SAPs for its loans. The hunger revolts of the 1980s resulting from the implementation of SAPs have brought developing countries to define that period as the lost decade. At that time the ILO proposed, wherever possible, safety nets, without having any power to question the implementation of SAPs as a political idea of development. .

21. Whereas the ILO promotes social justice through, inter alia, regulation of hours of work and a number of social welfare measures<sup>1</sup>; the World Bank<sup>1</sup> calls for the flexibility of working conditions and labor markets, labor law dismantling, macro-economic and trade liberalization, while reducing the capacity of governments in developing countries to reinvest trade revenues deriving from tariffs into sectors that do have an impact on social and gender equality, including in health and education. These sectors are of particular importance for the advancement of more equalitarian gender policies at the national level, particularly for developing countries.

## **National Policy-Making in Developing Countries**

1. The interdependence of countries and economies in the global economy poses the question of the space for national policy-making and development strategies, particularly in developing countries. The question of national policy space contains at least two main aspects.

2. First, national policy space is above all a political vision of national development and welfare that countries have to fight for. In this regard, the identification of national and local needs is the key to the formulation and implementation of appropriate national policies. Such process can be long and painful as it entails local social dialogue among divergent interest groups as well as a political balance of powers through legal frameworks that strike a balance between citizens' rights and obligations. It also must be an endogenous process, and can neither be dictated nor passed down internationally.

3. One aspect is related to the impact of international rules on developing countries lack of appropriate regulatory frameworks. Their capacity to regulate according to national needs might be limited as a result of too demanding international commitments.

4. In concrete terms<sup>1</sup>, this means that international disciplines and commitments shall not be construed to prevent countries from exercising the right to regulate, and to introduce new regulations, i.e., on the supply of services, including public services, in their territories to meet national policy objectives. Therefore, services provided by central, regional and local governments<sup>2</sup> and authorities (Article I:3 (a) (i) of the GATS) shall continue to be excluded from trade negotiations as they remain a central means to maintain social cohesion and redistribution.

5. The international macro-economic global framework and conditionality, however, continue to weaken the capabilities of developing countries to regulate internally. One could wonder indeed how developing countries, in particular in Africa, exercise their policy space, in situations where almost half of them do not have an independent monetary policy, have entered into SAPs or PRPs (revamped version of SAPs) with the WB, and are facing the black hole of debt constraints.

6. The existing economic structures and systems confine developing countries to mono-crops agriculture and natural resources reservoirs, while distribution chains get most of the benefits of production, i.e., the case of cotton in the fabrics of jeans only 2% goes to the cotton producers in Benin, while 57% of the benefits go to distribution<sup>3</sup> services in the North. This shows that the WTO negotiations in agriculture are the tip of the iceberg, while distribution services are its foundation. Manufactured products and their production chains are in the middle of this process. This inequity cannot continue to be ignored as it increases the North-South divide, while increasing poverty worldwide.

7. The present architecture of global governance is definitely to be improved, and made politically coherent. A major shift is needed. Particular emphasis should be put on redistribution policies that support social and economic welfare of nations rather than political choices that benefit only an already wealthy minority.

8. The existing development fundamentals promote social justice neither nationally nor internationally. The international division of labour that relegates developing countries to providers of natural resources and primary commodities has to be questioned. While, international trade rules and consumption models that are not environmentally and socially sustainable should be revised to guarantee the attainment of sustainable development and social justice.

9. At the national level, international decisions and structures have limited governments' capacity to improve both legislation and implementation of more equalitarian labour policies, thus further deteriorating female working and employment conditions. This relationship is particularly important in the area of agreements involving advantages provided to multinationals investing in developing countries, and employing women without respecting ILO minimum wage and equality of treatment Conventions therein.

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<sup>1</sup> This paragraph is only intended to highlight critical political issues to be kept under scrutiny in the GATS negotiations.

<sup>2</sup> The GATS (Article I:3 (c) ) defines a "service provided under government authority" as *any service which supplied neither on a commercial basis nor in competition with one or more service suppliers.*

<sup>3</sup> TV5monde, 6.10.2006.

10. This perspective provides a spectrum of ideas other than the assumption that leaves social welfare at the mercy of the market forces, and that underpins the existing global governance structures and discourses.

The context described above leads us to the following three international policy recommendations:

### **International Policy Recommendations**

- (i) The existing global governance system should be rebalanced. The entry point of such a process would be a large debate among governments' representatives, civil society and parliaments at the national and international levels on the rights-based and justice-based international laws. Such an approach is necessary to counter the negative proved effects of the so-called adjustment costs occurring as a result of macro-economic and trade liberalization in the world;
- (ii) Liberalization measures proposed by the World Bank and the IMF programs should not go beyond commitments taken by States in the WTO. An international declaration clearly engaging these two Organizations should be made in this respect. The WTO should not push for greater liberalization prescribed by a raise towards the WB and the IMF standards that are not the result of negotiations among members, including for acceding members;
- (iii) Decision-making in the WTO should be transparent and inclusive at the international level by involving all parties concerned, including the weakest trading partners of the world trading system. Furthermore, as decisions taken in the trade arena do have consequences at the national level, national societies must be properly informed and consulted so as to ensure that national policy space is guaranteed as well as the interests of the most vulnerable groups, including women are protected.
- (iv) A debate on the strengthening of the enforcement systems and decision-making processes in the United Nations system should also be launched. The existing system of governance is not only undesirable, but also inefficient, as it does not result in development and welfare for all.

### **Specific Issues to be addressed at the National and International Levels, including in UNCTAD**

1. The following critical issues are to be addressed to move ahead, through national and international debates:
  - (i) Role of state (as a facilitator or catalyst as proclaimed by the neo-liberal discourse or as a central actor to mediate social and political conflicts in societies) and balance of power among economic and social forces to be guaranteed by the State;
  - (ii) Role of institutions (to support *market-friendly* reforms or to *mediate and support redistribution and ensure social peace*);
  - (iii) Role of markets in societies (to *self-regulate* societies or to be *embedded in the social behaviours and well-being while respecting economic and social rights*).
  - (iv) Methods to ensure clear and open channels of communication between governments and their population;
  - (v) Studies could be launched by UNCTAD in collaboration with specialized civil society organizations on how to shift from an *un-embedded to a socially embedded and/or rights based economic paradigm*, in particular on: (a) redistribution policies ensuring sustainable income for people in compliance with existing social and economic rights Conventions; (b) public health and medicines accessible to all; (c) and exercise of national sovereignty.

For detailed information please kindly consult the document published by IGTN-EQUIT available at: <http://www.igtn.org/pdfs/global%20governance%20international%20development%20discourses%20and%20national%20policies.pdf> or contact [maria.rosaria@igtn.org](mailto:maria.rosaria@igtn.org).

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**Organization:** Organisation pour la Communication en Afrique et de Promotion de la Coopération Economique internationale (OCAPROCE Internationale)

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**Theme Addressed:**

**Sub-theme 2:**

Key trade and development issues and the new realities in the geography of the world economy

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**Input:**

Madames et Messieurs,

L'objectif de mon intervention sera de vous rendre attentif aux problèmes qui lient la Pauvreté et le Commerce en Afrique, et de poser quelques questions.

**I – Paragraphe 44)**

Il est question de vulnérabilité des importations. Pense-t-on aux importateurs des Pays développés, ou aux importateurs de Pays pauvres, qui doivent parfois importer des aliments, et bien sûr le Pétrole ?

**II – Paragraphe 39)**

Dans la dernière phrase commenter « meilleure gouvernance mondiale », « Politiques régionales synergiques », « plus grande solidarité pour le développement ». Espère-t-on des suivis – OPEPS ?

On sait que la coordination économique entre pays en développement est faible ?

**III – Paragraphe 42)**

L'Intégration régionale est souhaitable. En Afrique elle est difficile entre pays francophones et anglophones. Qui peut conduire cet effort ? En Afrique de l'Ouest par exemple, la CEDEAO devrait resserrer ses liens avec les pays anglophones, Idem pour la CEMAC.

**Propositions**

OCAPROCE Internationale a des activités en matière économique, de soutenir les petits producteurs et exportateurs, particulièrement de denrées agricoles, en Afrique.

**IV – Contribution aux réussites agricoles**

Notre organisation note qu'outre la position des pays développés et des pays émergents dans le monde actuel, de nouvelles possibilités s'offrent aux pays en développement grâce à l'augmentation des prix des matières premières due à la demande croissante des pays importateurs, particulièrement pour les minerais. Mais la situation de la demande est également favorable pour les produits agricoles. Notre souhait est que la CNUCED soutienne les efforts faits dans les zones où ces producteurs œuvrent activement pour améliorer la production de denrées qui accèdent à des marchés plus favorables et obtiennent des prix plus élevés, par exemple dans l'horticulture, grâce à une coopération technique renforcée et une assistance dans le cadre de partenariats avec des investisseurs qui peuvent apporter des investissements, du savoir faire et des connaissances, ainsi que des liens commerciaux, pour développer ce genre de cultures.

De son côté notre organisation s'efforcera de faire mieux connaître ces possibilités et d'éduquer les fermiers et au niveau suivant les exportateurs à l'introduction de nouvelles cultures, comme par exemple, outre l'horticulture, des qualités particulières de café, de thé ou de cacao.

## V – Soutien aux cultures traditionnelles

En outre notre souhait est de demander à la CNUCED d'effectuer une recherche plus poussée et en quelque sorte sur mesure sur les effets du remplacement de cultures qui vient d'être mentionné sur l'équilibre économique des pays en développement. De son côté, OCAPROCE propose à cette fin la contribution que son expérience du terrain lui permet. L'attention devrait porter, non seulement sur les réussites déjà connues de cultures qui bénéficient d'une demande accrue et conséquemment de meilleurs prix, mais aussi sur les cultures traditionnelles qui peuvent également bénéficier de leur remplacement, sur leur espace, de nouvelles cultures. Des cultures traditionnelles comme le café, le thé et le cacao, si leur production est réduite dans ce processus, seront mieux placées du point de vue de l'offre et de la demande, et ainsi peut-on espérer obtenir de meilleurs prix. Cela permettrait un progrès manifeste dans la réduction de la pauvreté qui affecte les petits producteurs agricoles.

Par exemple, si sur une superficie traditionnellement consacrée au café, de nouvelles qualités mieux exportables, ou de nouvelles cultures comme les fleurs ou les légumes sont introduites, selon les conditions climatiques et pédologiques, il sera produit moins de café sur la superficie consacrée à la culture traditionnelle, et cette réduction de l'offre pourra accroître les prix, avec un effet positif additionnel sur la réduction de la pauvreté. En outre une telle évolution serait avantageuse pour les femmes, qui sont massivement impliquées au niveau aussi bien de la production que de l'exportation.

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### Theme Addressed:

#### Sub-theme 1, 2 & 3:

Enhancing coherence at all levels for sustainable economic development and poverty reduction in global policy making, including the contribution of regional approaches

Key trade and development issues and the new realities in the geography of the world economy

Enhancing the enabling environment at all levels to strengthen productive capacity, trade and investment: mobilizing resources and harnessing knowledge for development  
Key trade and development issues and the new realities in the geography of the world economy

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### Input:

#### Sub-theme 1:

**Policy analysis:** The pre-conference negotiating text (dated 13 November) rightly acknowledges that "the global economic system lacks coherence at the levels of monetary and financial cooperation" (p. 3) and subsequently calls for more coherence between international and domestic macro-economic and exchange rate policies.

#### **- Need to include tax issues in monetary and financial cooperation:**

Tax policies also belong to this category, but these have hardly been addressed in the coherence debate and are not specifically mentioned in the negotiating text. Well-functioning tax policies are essential in order to ensure that public goods and services are financed and wealth is redistributed from the rich to the poor, particularly in developing countries who otherwise remain dependent on aid and debt flows. Unfortunately, as a consequence of international differences in tax regimes, liberalisation of capital

flows, international competition, and a tax race to the bottom to attract foreign investment, multinational corporations are increasingly able to escape taxation.

Tax avoidance, transfer pricing techniques and complex intra-firm financial structures by multinationals have become pervasive due to the existence of tax havens and the lack of an international coherent tax system. Corporate tax systems and revenue authorities are almost exclusively organised at the national level. The disparity between international corporate activities and national tax policies has created a global governance problem, in which many multinationals avoid taxes, often without violating national laws.

Apart from small tax haven economies, such as the Cayman Islands, some OECD countries, such as Switzerland and the Netherlands (7% of all inward FDI stocks in developing regions is held via the Netherlands), also have tax regimes that enable tax avoidance by multinationals. In 2001, Oxfam estimated that developing countries miss out on US\$ 50 billion in tax revenue each year as a consequence of tax evasion and tax avoidance strategies. According to most estimates, this amount would significantly help finance the costs of achieving the Millennium Development Goals (MDGs). At the same time, these OECD countries are committed to MDG 8, the development of an international financial system that is supportive to poverty reduction. This raises the question of whether their tax policies are coherent with their policies on development cooperation.

#### **- Need for a cooperative and more regulated global monetary and financial system:**

Apart from dealing with the deficiencies of the current global architecture as explained in the Report of the Secretary General of UNCTAD to UNCTAD XII (nrs. 63-76), there is a lack of coherence between liberalization of financial services in trade and investment agreements, introduction of regulations to ensure benefits and access of financial services especially to the poor (avoid “cherry picking”) and sustainable development, and adequate and cooperative supervision of all private financial services. In addition, innovative activities by private financial services companies are not matched with sufficient international efforts in order to strengthen supervision, official risk assessment, and regulations avoiding excessive risk taking (see US subprime mortgage crisis) and excessive profit taking strategies e.g. by new and unregulated players such as private equity funds.

#### **Policy responses to which UNCTAD should contribute:**

- Introducing of a new accounting standard that requires multinationals to report tax payments on a country-by-country basis;
- Action to end tax havens, harmful tax regimes and race to the bottom in corporate tax;
- Increasing transparency on international capital & income flows, in particular to and from tax havens, within financial corporations, related to innovative and risky financial products;
- Design national, regional and international policies and regulations, including in trade and investment agreements, that increase access to finance by the poor and SMEs, improve financing of sustainable development (e.g. ethical investments), and reduce systemic risk.
- Capacity building of developing countries’ tax authorities, financial supervisors and participation in international financial forums and standard setting bodies.

#### **Sub-theme 2:**

##### 2.1. Policy analysis

- **“Economic battle of nations”**: UNCTAD XII should highlight how the development and solidarity dimension of trade and investment negotiations is being undermined by what UNCTAD Secretary General in his report to UNCTAD XII (e.g. see nrs. 56-57) calls the “economic battle nations” whereby especially developed countries, encouraged by powerful and opaque business lobbies, support large corporate to gain larger market shares, through trade and investment policy and agreements, reducing so-called “non-tariff barriers”, reducing corporate tax, etc. These policies do not re-balance the increasing role of transnational corporations that expand their market shares at the expense of companies of other countries, not in the least developing countries, and engage in a race to the bottom, including by lowering labour standards in some sectors.

- **Dealing with the trend towards increasing market concentration** : One of the important challenges of trade & investment liberalisation is the increasing level of concentration and integration within companies in many sectors (within the areas of agriculture/commodities, industry and services) and related to production, trade as well as distribution/retail to consumers. This concentration leads to problems in distribution of benefits of trade and investment liberalisation and in unequal bargaining power in the value chain. For instance, the concentration of retail of food, grocery and clothing in different developed countries gives large international retail chains “buyer power” over producers and traders, resulting in downward pressure on prices especially prices paid to the weakest link in the production chain such as workers, small farmers and small producers. Concentration in the tourism sector for instance, can mean that developing countries are reaping little benefits of trade and

investment liberalisation and exports in tourism – meaning that UNCTAD’s policy response nrs 67 and 138 need more careful formulation.

### **Policy responses to which UNCTAD should contribute:**

- Develop a code of conduct on the competitiveness of nations dealing with the battle for market shares along the lines of the UNCTAD Secretary’s report (see e.g. nrs 56-65)
- Incorporating producer and worker wealth, and social and economic objectives in assessments and regulation of competition policy, social policy, and investment & trade policies (i.e. dealing with “buyer power”); allow competition rules to deal fairly with collective defense mechanisms of small suppliers and corporate social responsibility initiatives that require cooperation among companies ; building capacity on competition policy in developing countries;
- Incorporating competition policy, trading/buying practices and chain responsibility into CSR initiatives;
- Interpretations of trade and investment agreements should allow non-abusive labeling and discrimination on the basis of social and environmental performance of corporations; reducing non-tariff barriers should not undermine social policies;
- Dealing with private standard setting that excludes small and developing country producers, including ensuring payments for certification (also group certification for small farmers); reforming international standard setting to better include developing countries and avoid corporate interest dominance;
- Stimulate processed food and value added production in developing countries for foreign and domestic markets through support of governmental industrial and labour policies, and to the domestic private sector among others through training, infrastructure and dealing with labour or environmental abusive practices by foreign and local companies;
- GATS and other services negotiations should provide better rights and means (e.g. policy space) to introduce regulations that distribute the benefits of services trade liberalisation, better ways to delay and allow for the entrance of dominant world players such as Northern supermarket chains at an appropriate pace.

### **Sub-theme 3:**

#### **Policy analysis**

##### **- Rethinking investment policies**

The focus of the last decade in policies and development literature on attracting foreign investment as an important contribution to economic development has resulted in too less attention being paid to the costs of attracting investment, and the social and environmental impact of FDI and foreign portfolio investment. In order to attract foreign investment, large amounts of money are being spent by donor countries, international institutions like the World Bank, OECD and UNCTAD, and national governments (investment promotion agencies, tax holidays, infrastructure building, liberalisation of capital flows & building of international reserves– and related lending). These instruments are little or not linked to evaluations and criteria such as to achieve the Millennium Development Goals and respect of human rights, labour and environmental standards. Too little research and impact assessments are made, per sector and per country, about how labour, communities, the environment and social or industrial objectives of a development country benefit from foreign investment and investment attracting instruments. Better cost-benefit, quality-quantity analysis of foreign investment needs to inform national, regional and international investment policies and promotion instruments.

##### **- Rebalancing investment agreements**

Investment liberalisation is increasingly integrated in bilateral and regional trade agreements not only in the services sector but also non-services sectors. These agreements add to the many bilateral investment agreements (BITs) that provide foreign investors with rights to protect themselves while undermining policy space of governments, while not providing international rights to protect labour, communities and the environment in case FDI has negative consequences. The lack of balancing interests of host countries, their labour force, communities and sustainable developing with the interests of foreign investors, leads to unequitable benefits from investment liberalisation and investment protection agreements.

### **Policy responses to which UNCTAD can contribute:**

- Sector per sector, and country per country, analysis of the economic, social, labour, environmental, and tax benefits and costs of attracting foreign direct investment.
- Develop and link criteria regarding achievements of MDGs and poverty eradication, respect of human rights and labour rights, environmental protection, financial and economic benefits for the

country and for the population directly (e.g. decent incomes, housing and health care), to national, regional and international (donor) investment promotion policies and instruments; assessments should include multi-stakeholder involvement; this should include revision of the criteria used in the UNCTAD's Investment Policy reviews and a role for UNCTAD to coordinate and overview the many investment promotion mechanisms.

- Support for developing countries to balance their interests with that of foreign investors through new balanced capacity building for regulations to accompany foreign investment, for criteria to select foreign investment, for investment promotion strategies, to negotiate bilateral and regional or international investment agreements, to deal with foreign investment disputes in innovative and equitable ways, to stop the race to the bottom on tax reductions, protection of rights of labour, communities and their environment.
- Explore initiatives beyond voluntary CSR: especially by assessing rules and new proposals in regional or bilateral investment & trade agreements on behaviour of foreign and national companies as regards their respect for human and labour rights, environmental protection and economic contribution to the host countries, as well as integrate the work of the Special Representative of the Secretary-General (SRSG) on the issue of human rights and transnational corporations & other business enterprises.

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**Theme Addressed:**

**Sub-theme 1:**

Enhancing coherence at all levels for sustainable economic development and poverty reduction in global policy making, including the contribution of regional approaches

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**Input:**

Pour lutter efficacement contre la pauvreté en vue de réaliser les objectifs du millénaire, une cohérence dans l'action doit se faire notamment au niveau national, régional et international. Il faudrait par exemple penser que la lutte contre la pauvreté doit se faire à tout prix en introduisant un nouveau facteur dans le développement économique, social et environnemental. Ce nouveau facteur est la mise de l'homme au centre de tout développement économique, social et environnemental.

En effet, beaucoup de théories économiques ont souvent omis de mettre l'homme au centre de toute activité. L'homme a une dimension multiple. Et la satisfaction de ses besoins ne peut être faite que si l'on pense qu'il y a différents sortes de besoins humains à satisfaire.

Prenons un exemple, les besoins à satisfaire sont différents d'un pays à l'autre, d'une région à l'autre, d'un groupe de personnes à un autre. Il faudrait donc tenir compte dans la nouvelle façon de lutte contre la pauvreté à la notion particulière de la satisfaction des besoins réels des pays, des régions et des nations.

Dans le pays en développement le commerce mondial devrait permettre à les aider à sortir de la pauvreté grâce au bon choix des besoins qu'ils jugent prioritaires eux-mêmes. En mettant l'homme au centre de la satisfactions des besoins économiques, sociaux, culturels et environnementaux, on peut arriver plus facilement à faire profiter tout le monde des biens faits de la croissance du commerce.

On peut ainsi axer comme priorités pour les pays en développement la satisfaction de leurs besoins dans le domaine de l'Education, de la Santé, de la lutte contre le réchauffement climatique, du logement, etc.

Village Suisse ONG est convaincu que l'utilisation des nouvelles technologies de l'information et de la

Communication (TICS) permettre d'atteindre ces objectifs prioritaires pour un monde meilleur pour nous tous.

Dans le domaine de l'Education nous avons fait un power point (Ppt) qui illustre notre propos selon ,nous disons que l'utilisation des TICS est un outil fondamental pour atteindre les objectifs du Millénaire

Dans le domaine de l'Education d'ici 2015.(il est disponible maintenant.

Dans le domaine du commerce, Village Suisse ONG pense que en mettant l'homme au centre de tout développement , il ya lieu de faire avancer le commerce mondial en y associant maintenant la notion d'un commerce mondial à visage humain. Ceci nous permet de privilégier la notion de commerce équitable afin de favoriser la répartition des bénéfices issus du commerce mondial à tous les niveaux en faveur des petits commerçants , des petits artisans dans les pays en développement comme dans les pays développés.

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