



PARLIAMENTARY MEETING ON THE OCCASION OF UNCTAD XI

São Paulo (Brazil), 11 and 12 June 2004



*Organised jointly by the Inter-Parliamentary Union and the Brazilian National Congress
in cooperation with the UNCTAD Secretariat*

DECLARATION

*adopted by consensus at the closing session of the Meeting
(São Paulo, 12 June 2004)*

1. We, members of parliament elected by our peoples to represent them, are meeting in São Paulo on the occasion of UNCTAD XI, commemorating forty years of international cooperation in the field of trade and development. The challenges facing UNCTAD XI are of transcendental importance and urgency. The poverty and underdevelopment which affect millions in the developing world exact a heavy toll in suffering and deprivation. Some developing countries are making significant progress towards meeting the United Nations Millennium Development Goals by 2015, but many are not on track to do so.

2. While the interests of developing countries are increasingly taken into account in international trade negotiations and their share of international trade has grown, the majority of them are faced with problems in many areas, which blights their development prospects. Clearly, if they wish to promote growth and development, developing countries must in their own self-interest accept greater responsibility and rely more on their own resources, for example by adopting appropriate public policies so as to play an active role in promoting their own growth and development rather than being victims of globalisation.

3. States have made significant progress in pursuing appropriate public policies, even in difficult economic circumstances, by enshrining good governance under the rule of law through free and fair electoral processes, gender equality, impartial judiciary and anti-corruption measures. This is work in progress.

Development strategies in a globalising world economy

4. Four years ago, UNCTAD X adopted the Bangkok Plan of Action, largely considered to be a road map to managing globalisation. Ambitious goals and targets were also set out by the United Nations Millennium Declaration. Several other major international conferences on questions of sustainable development, including development financing, have undertaken commitments to overcome poverty and underdevelopment. Promises made should be promises kept. Yet today, these objectives remain ever more elusive, and the problem has been compounded by globalised uncertainty and growing insecurity.

5. UNCTAD enjoys the trust of developing countries because of its independence and its unambiguous commitment to development. It is thus particularly effective in providing macro-economic analysis and policy advice, and as an implementing agency for technical assistance programmes. We encourage UNCTAD to focus its future work on its areas of strength and comparative advantage, and therefore to give priority to these areas. Donor countries should provide extra-budgetary funding to UNCTAD for this work.

6. Developing countries have special constraints and fewer mechanisms at their disposal for adjustment and transformation. Most of them have specific endowments, infrastructure, skills and technology. Individually and jointly, these factors influence the structure of their economies, trading patterns and access to capital. Moreover, their integration into the world economy occurs in varying degrees and at different speeds and levels as a result of a combination of sub-regional, regional, inter-regional and international factors.

7. Policy coherence and policy space are overall organising themes for UNCTAD XI. We concur that it is indispensable to ensure coherence between the Bangkok Plan of Action and the future work programme for the inter-governmental machinery of UNCTAD. Coherence among the public sector policies and programmes pursued by bilateral, regional and multilateral economic institutions is even more important.

8. Globalisation involves extensive integration among national economies. The adoption of international rules places limits on discretionary public policy formulation at the national level. It is urgent for governments acting nationally and internationally to strike the right balance between the two, ensuring that development strategies are nationally owned and that they converge with international rules in order to generate jobs, growth and overall development. The issue of national policy space for developing countries requires further serious consideration.

Building productive capacity and international competitiveness

9. The productive capacities of any country reside in its citizens' ability to work within a clear regulatory framework and with effective state institutions that pursue appropriate national public policies aimed at achieving endogenous sustainable development. We are convinced that unemployment and poor social protection stand out as the main causes and effects of the growing gaps between groups of citizens, both within and among States. The commitment to full employment in decent conditions of work must be the centrepiece of all social policies and programmes, which are essential in the fight against poverty.

10. The productive capacities of developing countries are undermined *inter alia* by a lack of technology, finance and support institutions. The application of information and communication technologies in production processes has increased productivity and is playing a pivotal role in the transition to economies based on knowledge rather than the transformation of materials. Programmes that build capacity by focusing on skills, basic education and the strengthening of institutions are essential to overcome supply side constraints and underdevelopment.

11. It is essential to ensure full participation by women and young people through formal education and civic and community activities. The need for each country to have strong, diverse and pluralistic national mass media accessible to the poor cannot be overstated. The implementation of these measures must take into account diverse national and regional sensitivities and be based on a recognition of the fact that reforms cannot be micro-managed from a distance by non-accountable institutions.

12. National productive capacities are easily undermined when supportive regional and international financing arrangements are not available, both in normal times and in emergencies. In its present configuration, the international financial and monetary system has proven itself to be incapable of financing short-term liquidity crises, cushioning commodity price fluctuations, recycling surpluses, resolving the endemic debt crisis and funding the public sector capital goods and services that are desperately needed in developing countries.

13. The private sector has an essential contribution to make to development. We recommend that all countries strengthen the economic and legal conditions which allow for private investment. All private companies must adhere to national laws and assume corporate social responsibility.

Assuring development gains from the international trading system and trade negotiations

14. There can be no development gains from the international trading system unless there are fair terms and conditions for trading in agricultural commodities. It is therefore urgent to achieve progress in the current multilateral negotiations. States must commit themselves to bringing to an end all agricultural policies contributing to impoverishment and underdevelopment. They must reaffirm their commitment to the Doha Ministerial Declaration, set a clear timetable for phasing out all forms of export and trade-distorting production subsidies, and agree on substantial improvements in market access, allowing for special and differential treatment as an essential element, for example in support of food security. We invite WTO Members to commit themselves to dealing with these issues through means that do not distort trade, and call on UNCTAD XI to address the concerns expressed in this paragraph in its outcome document.

15. Given UNCTAD's supportive role in the functioning of the open multilateral trading system, we call for its resources to be put to the best use possible so as to orient international trade, finance, environmental activities, transport and technology to meet overall development needs, and in particular those of the least developed, small island and land-locked States. UNCTAD can provide an open forum for the discussion of subjects that for the time being are stumbling blocks to the negotiation of binding WTO agreements.

16. We are convinced that binding commitments serve the interests of all partners in negotiation. Common and shared sets of principles, norms and rules are in every country's interest. At the same time, we believe that WTO agreements should be openly negotiated and freely accepted. The exceptions and special measures that are integral parts of the agreements must be clearly spelled out and fully honoured, in particular those which are of prime importance to developing countries, some of which allege that WTO's present agenda and functioning is inimical to their growth prospects and hence their development.

17. As prerequisites for measuring progress, there must be reliable data and a proper methodology with which to make qualitative observations and formulate sound policy. During multilateral negotiation rounds, the World Bank and WTO claim that liberalisation will result in massive welfare gains. Such claims should be disaggregated so that each developing country can measure its own net welfare gains in decent jobs created. UNCTAD's forty years in the field of trade and development should help in responding to these expectations. The proposal for development benchmarks may serve that purpose.

18. Following the extension of trade rules and disciplines to new areas, the standard by which countries measured their net benefit from an exchange of goods, known as "the terms of trade", has disappeared from serious analysis on trade and development. We call on UNCTAD to coordinate a conceptual and empirical study in this regard, with due attention to differing conclusions concerning globalisation and its impact on the poor.

19. We support UNCTAD's efforts to help developing countries become better equipped for WTO negotiations. At the same time, we insist that the same binding effect which applies to other tariff, non-tariff and rules-based commitments should apply as well to commitments in respect of technical assistance and capacity-building. Developing countries that have to

adhere to binding rules and disciplines in the WTO should be provided with the necessary and sufficient "after-sales service and technical support", in particular through the WTO dispute settlement mechanism. Only in this way can there be a genuine balance of benefits from the "single undertaking" in WTO.

Open regionalism and South-South cooperation

20. Calls for "fair globalisation" will not have any real meaning if the creative temper of the vast majority of human beings remains cut off from interaction, except through the agency of third parties. Convinced that measures for South-South cooperation have so far been tentative and extremely insufficient, we call on developing countries to take bold steps to complement the well-traversed channels of North-South dialogue and arrangements. We also call on UNCTAD to design and implement appropriate policies and programmes in support of economic and technical cooperation among developing countries.

21. As integration into ever-widening circles of production and consumption accelerates, the importance of factors external to the domestic market increases. A policy of regionalism based on the opening of markets enhances international competitiveness, increases national welfare and sustains integration. Timely analysis of international trends and prudent policy responses will help ensure that the integration and adjustment processes operate in tandem. We believe in this regard that UNCTAD's inter-governmental machinery should continue providing a valuable forum for the consideration of comparative experiences, and that UNCTAD should work more closely with other international institutions, in particular with regional integration arrangements and free trade areas.

Partnerships and the role of parliaments

22. Coherence between national development strategies and global economic processes – the theme for UNCTAD XI - can greatly benefit from parliamentary involvement. Parliaments have important national responsibilities in relation to the formulation and implementation of development policies and strategies. Parliaments and their members also address today's global issues, and can help bring coherence to them as well. Moreover, they inherently have an understanding of the linkages between people's lives, security and well-being and trade and development. There is then every sense in strengthening cooperation between UNCTAD and national parliaments through the Inter-Parliamentary Union, as mandated by the Millennium Declaration.

23. We therefore welcome the fact that the UNCTAD XI draft outcome document recognises the importance of the role of parliaments in support of international cooperation for development. We invite the Inter-Parliamentary Union, together with other relevant international and regional parliamentary assemblies, to mobilise parliamentary involvement in the follow-up activities. We urge the Inter-Parliamentary Union to continue to provide the interface between parliaments and UNCTAD, specifically through the mutual exchange of information and capacity-building measures in the areas of policy space and coherence in national and international policy-making.