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Introduction

I very much welcome the opportunity to contribute to the General Debate of UNCTAD . There is, I believe, a widespread awareness that there are large economic forces at work in the world, which carry the potential for immense human progress, but which at the same time can make our economies and societies more vulnerable. Despite the fact that we have known this since the process of globalisation began to take hold in the latter part of the 20th century there remain evident difficulties in securing co-operative action by the international community of a scale and -nature that many believe necessary to manage globalisation. This dichotomy is one of the great puzzles of our times. The OECD and UNCTAD have come to be recognised for the creativity and the commitment which they bring to bear on confronting this dilemma.

I am convinced that this period of history will be characterised by historians as the "age of globalisation". When historians tell of it, let us make sure that it is a good story: a story of how world leaders seized this moment to harness unprecedented opportunities for the world community; of how the poverty, misery and disease in many parts of the developing world were put on the fast track towards attainment of the Millennium Development Goals by the year 2015; of how economic growth was firmly established in the developing world through the transfer and effective application of capital, technology and know-how combined with unfettered access for their goods and services to the markets of the developed world; and of how the widening gap between the rich and the poor in the world community was arrested and then began to narrow having been given momentum and international commitment through attainment of the MDGs.

What a wonderful story it could and should be! And I believe that UNCTAD and the OECD working together can contribute to such a history being written.

It is held by some that the difficulties in securing co-operative action by the international community which is necessary to attain the MDGs comes down to a lack of sufficient political will. To some degree I believe this to be true but it should not be exaggerated. We must not forget that since the end of the Cold War there has been a historically-unprecedented amount of political effort and organisation devoted to the cause of international economic co-operation. The Big Picture has developed well but the inevitable barriers created by vested interests, especially in the OECD world, are now slowing down the process. Need I mention the agricultural sector where political will has been woefully weak and communication

of the benefits of market liberalisation of the agriculture sector even weaker!

Admittedly these are often complex issues which Men defy a simple analysis necessary to communicate accurate and readily understandable messages to the general, public. A current example is the issue of outsourcing which is apparently raising concerns about job losses in some OECD countries. The analysis I have seen should not only put such fears to rest but should demonstrate the benefits of outsourcing to both the OECD countries and to the developing world. Both the OECD and UNCTAD have over recent years devoted increasing attention to these general questions as well, as to the specifics of individual issues. This process of reflection is ongoing, I can-not say that we have yet succeeded in achieving a joint OECD/UNCTAD perspective on every issue - nor indeed do I believe that

such an aim is, at least in the strictest sense, possible or desirable. But I believe we are making progress in a peer learning sense and we have developed important working relationships which are very positive in facing the challenges that globalisation offers. It is essential to ensure that Policy-makers from capitals attend OECD and UNCTAD meetings such as this to learn from each other and work together towards this common goal.

I am very pleased to report that the OECD and UNCTAD are working together and I give much credit to Secretary General Ricupero for this important evolution in our relationship. The world needs appropriate concepts and accurate analysis for dealing with the complexity of globalisation and diversity. This is why we need the OECD. This is why we need UNCTAD. And this is why OECD and UNCTAD have developed a partnership.

The Framework for OECD-UNCTAD co-operation was set out in our Joint Statement of Priorities, signed by Mr. Rubens Ricuperro, Secretary-General of UNCTAD and myself on 13 March 2002. We outlined priority areas for co-operation and modalities for enhancing and monitoring our co-operation. I would like to give you a few examples of this close relationship.

Investment

Substantial synergy exists between the Work of OECD and UNCTAD. In investment, joint activities and mutual participation are key to achieving a successful.

Investment Compact on the UNCTAD side and to the OECD's launch of "Investment for Development Initiative. OECD co-operation with WAIPA (World Association of Investment Promotion Agencies), Which is, housed and supported by UNCTAD, is close and fruitful. The OECD is a member of WAIPA's Advisory Board.

The OECD "Investment for Development" initiative is a new project started this year, engaging countries outside OECD membership in joint work on developing a comprehensive and operational framework of good policy practices for improving the investment environment. The Initiative is designed as a working tool at the disposal of interested governments; it proposes to engage participants in a comprehensive stocktaking of sources of good practices based on recommendations by OECD members and non-members alike. I invite developing countries to join in this common endeavour.

Trade in Services

Another good example of OECD-UNCTAD cooperation is a project in trade in services drawing up checklists in service sectors. These checklists of questions highlight issues of importance in the GATS request/offers

negotiations for WTO members, particularly developing country members. Neither the OECD nor UNCTAD advocates an outcome - these checklists are a tool provided to WTO members to help them form their own request/offers and analyze those of their negotiating partners. The OECD has developed checklists in the areas of legal services and insurance-, the checklist for environmental services is in the pipeline, UNCTAD has developed the checklist for energy services; the construction services checklist is in UNCTAD's pipeline.

Indicators for the information society

The OECD will be playing a major role in WSIS follow-up in the domain of indicators for the information society. We are all aware of the increase in access and use of new information. and communications technologies (ICTs) and the related emerging information society. Developing countries must be able to exploit the potential

of ICTs to create access, utilise and share information and to achieve sustainable development and improve their quality of life. We are all aware of the importance of monitoring and measuring information society developments for effective policy-making, research and development, and strategic business planning.

However, good policy decisions in ICT are challenging due to the lack of data on ICT access, use and impact, and in particular due to the lack of a globally harmonized set of indicators needed to compare ICT developments across borders or to properly analyse global ICT developments. There is a real and pressing need for improved data and indicators and the development of reliable and internationally comparable statistics on ICT in all countries, in particular in the developing world. We are joining a partnership with UNCTAD, ITU and some other

organisations (mainly UN Regional commissions) to run a series of regional workshops and create a database of indicators. This will be a major feature of our work with developing countries in the ICT area in 2004 and in the years to come.

The Need for Analytical Progress in support of Development

Coming back to the unifying theme of my intervention, key elements in the heightened degree of complexity in the world economy are the simultaneous trends towards globalisation and diversity. Problems can at once be global yet have highly varied impacts on different countries, cutting across the categories of developed and developing nations. The effects of high oil prices are a current example.

The efficient operation of global markets and the international economic system is more vital than ever to all countries. The health of the international system is itself more than ever dependent upon effective national economic policies - both domestic and external - at a time when national situations vary considerably.

A first major challenge for the OECD and UNCTAD is therefore to re-establish the facts and dispel misconceptions about globalisation. Chief among them is the notion that globalisation places draconian limitations on national policies. It has to be said loud and clear that globalisation is bringing more benefits than costs, and that effective national policies are more important for success than ever. National policies are indeed of utmost importance, not just because they can mitigate the negative side effects of globalisation, but because domestic institutional and policy reform is in itself key for economic and social progress. It is certainly not because of

globalisation that the economies of part of continental Europe and Japan have experienced a rather disappointing or It is mostly because of domestic policy reform inertia. Again, vested interests undermining political will.

Globalisation creates a greater awareness of mutual interests. But it does not *by any means eliminate the* existence of conflicting interests. The OECD and UNCTAD T have to learn how to cope better with both these

factors. We need also to carry out more analytical work

on the substantive contents of globalisation. Otherwise the

concept of globalisation will remain simply a slogan and

too vague a basis from which draw agreed policy conclusions.

A second major challenge for the OECD and UNCTAD is how to come to terms with the fact of increased diversity. The difficulties arise at all levels political, institutional and within the system,

procedural. Even the terminology creates problems - words such as differentiation and graduation and calibration almost immediately raise concerns about what is implied. Perhaps there is a need for some new language.

Clearly, there are significant differences among developing countries themselves. Ignoring these differences can create serious analytical problems. For example, I subscribe to the findings of the recent UNCTAD study on least developed countries that "trade liberalisation alone" can not reduce mass poverty. However, in this sentence the word "alone" is to me of crucial importance.

While liberal trade policies are likely to be globally beneficial under any circumstances because they enlarge the set of opportunities for economic agents, ensuring an adequate sharing of the gains, almost certainly requires other good policies as well. Trade policy needs to be

accompanied by a range of policies that foster education and aim to achieve macroeconomic stability, good governance, and sound environmental practice.

OECD countries have special responsibilities in the Doha Development Agenda negotiations in setting the right environment, in terms of opening their markets more to developing countries' exports - agriculture is a case in point - and in helping them build their capacities to export. Developing countries themselves also need to take on meaningful commitments. As I said in Cancun, trade liberalization should be embraced by developing countries, not for the sake of overarching philosophy, or in the name of reciprocity that some can ill afford, but in their own enlightened self-interest. This is indeed critical especially when it comes to trading among neighbors, where intra developing country trade can be a catalyst to a wider integration into world markets.

A recent OECD study shows global gains from full tariff liberalization of up to \$170 billion, with up to 70% of those gains going to developing countries including the gains from their own liberalization. Benefits from services liberalization are even greater as many examples in the developing world have already shown. Of course, not all developing countries may afford the same depth and pace of liberalization, but if developing countries wish to get the benefits embedded in the DDA, they will have to reduce, in line with their capacity, their currently applied tariffs on goods and open up some of their services markets. Otherwise our common aspirations to reach the Millennium Development Goals may not be fulfilled.

Concluding Remarks

This Conference is tackling key Issues that are central for improving economic conditions throughout the world. Global recovery is now well engaged and already

very strong. This is clearly the case in the United States and in Asia, where the Japanese economy is growing vigorously. Appropriate policies will be required from all partners in world economy, to make full use of these favourable conditions and thus ensure higher employment and living standards on a sustainable basis. Passivity is not an option for policy-makers.

I recall the wisdom of Shakespeare:

"There is a tide in the affairs of men,
Which, taken at the flood, leads on to fortune;
Omitted, all the voyage of their life
Is bound in shallows and in miseries."

I am convinced that there is still a window opportunity for us to take the positive forces of globalization at the flood. If we miss that tide historians will be denied the story I described.