



SOUTH-SOUTH TRADE FORUM

13-14 December 2004, Beijing, China

Sponsors:

*United Nations Development Programme (UNDP)
Ministry of Commerce of P.R. China
Ministry of Foreign Affairs*

Co-sponsors:

*Ministry of Information (China)
Ministry of Energy (China)
Beijing Municipal Government, China*

Organizers:

*Special Unit for South-South Cooperation (SU/SSC) of UNDP
China International Centre for Economic and Technical Exchanges
(CICETE) of
Ministry of Commerce of China*

Partners Organizations:

*World Trade University (Canada)
United Nations Conference on Trade and Development (UNCTAD)
United Nations Industrial Organization (UNIDO)
Inter-American Development Bank (IADB)
Asian Development Bank (ADB)
African Development Bank (AfDB)
Group of 77 (G-77) & G-77 Chambers of Commerce
European Union (EU)
(More to add)*

The SOUTH-SOUTH TRADE FORUM (SSTF) is an integral part of the World Trade Forum (WTF) that was launched at the Third UN Conference on Least Developed Countries in Brussels in 2001. The WTF initiatives, including the SSTF, were recognized and welcomed by the United Nations General Assembly in its resolution A/58/220 as initiatives being undertaken at the subregional, regional, interregional and global levels towards establishing public-private-partnership (PPP) mechanisms aiming to enhance and expand South-South cooperation in trade and investment.

The GA also saw the initiative as a means of strengthening the capacities of the developing countries, especially the LDCs, to participate in and benefit from globalization and liberalization processes.

I. BACKGROUND

Recent trends in flows of South-South trade and investment present both new challenges and opportunities for developing countries to beneficially participate in the global economy. South-South trade has been growing at 11 per cent a year for the past decade, with trade in services also registering a rise. Africa's trade with Asia, for example, has grown from \$6 billion to just under \$18 billion in the last decade; India and South American Common Market (MERCOSUR) have recently established ties to deepen trading opportunities, and China and several African countries have prepared to establish joint business council. In the last few years, South-South trade came to represent approximately 40% of the trade of developing countries. Between 1980 and 2002, the average annual rate of growth in exports of goods and services was greater in developing countries than in developed countries, according to UNCTAD. Today, the world's poor wield the greatest potential consumption power for goods and services over the coming decades. These patterns are underlined by investment, transfer of technology and enterprise-level interaction at the regional as well as inter-regional levels. Aggregate exports of developing countries, for example, accounted for 31.5% of world exports in 2001. Developing-country exports have transformed since the 1970s from mainly commodities to mainly manufactures (now over 70%). However, the share of such South-South flow of trade has been uneven. Taking the 2001 figures for instance, Asia accounted for 23.7% of world exports, while Latin America accounted for 5.5% and Africa for only 1.9%. The least developed countries accounted for a dismal of 0.6%. Meanwhile, developing-country exports continue to target industrial countries as their main markets. Africa as a whole sent about 70% of its exports to developed countries in 2001, while developing America sent 74.6% in 2000.

Total world flows of foreign direct investment had surged from \$200 billion in the early 1990s to almost \$1.4 trillion in 2000, according to UNCTAD. This figure dropped dramatically to about \$650 billion in 2002, and only one third of which was directed to developing countries. While developing countries themselves are making efforts to invest in other developing countries, the flow took place largely on an intraregional basis. Recent developments, however, show encouraging trends and prospects in increased inter-regional South-South flows of investment. Countries like China, India and Malaysia are investing more in Africa. As the differentiations of capacities in the South increase in terms of tradable goods and services, investment and technology development, and as more and more multinational

corporations seek to bring developing-country corporations into global production and supply chains, the time has come for developing countries to seek mutually beneficial avenues of complementation, through trade and investment, in order to raise individual and collective competitiveness, thus creating a truly win-win situation for all.

The power of information and communications technology (ICT) has allowed networking in the South to grow in influence. Developing countries added three times more Internet users than developed countries during 2002. The number of Internet users in the Arab states, for instance, increased by 116 per cent in 2002; in Brazil by 79 per cent; in China by 75 per cent; and in India by 136 per cent. Many developing countries have become leading hubs of ICT and have devised their own ICT-based solutions connecting people to services that have helped to overcome local development challenges.

The United Nations Special Unit for South-South Cooperation within UNDP, which has the mandate from the General Assembly to also promote South-South trade and investment for development, has since 1999 organized three Africa-Asia Business Forums (AABF). The AABF is aimed at increasing trade and investment between Asian and African companies with funding from Japan. The first event was held in Malaysia in 1999, the second one in South Africa in 2001 and the third one in Senegal 2004 with great success. Nevertheless, since the AABF initiative covered only Asia and Africa, while the Unit must promote such cooperation on a much wider South-South basis, the Unit has since 2002 started to prepare a full-scale South-South Trade Forum (SSTF) that would involve all the developing regions, including other partners keen to support the process.

The SSTF initiative has received widespread support by the Member States especially the Member countries of the Group of 77 plus China. UNDP and China have agreed to use part of the Chinese contributions to the South-South Trust Fund to support this initiative through an MOU signed between the two parties dated 9 April 2003. The SSTF initiative was already welcomed in the Secretary-General's report (A/58/319) to the General Assembly in 2003, as an integral part of the World Trade Forum (WTF) that aims to foster "an inclusive global public-private partnership mechanism for promoting the Millennium Development Goals through trade." The initiative was further welcomed by all the Member States of the United Nations through General Assembly resolution A/58/220 of 23 December 2003, that it recognized "... the urgent need to help to strengthen the capacities of the developing countries, especially the least developed countries, to participate in and benefit from globalization and liberalization processes. The resolution also welcomed "the initiatives being undertaken at the subregional, regional, interregional and global levels towards establishing public-private partnership

mechanisms aiming to enhance and expand South-South cooperation in trade and investment, and in this context [noted] the initiatives of the World Trade Forum.”

UNDP through the Special Unit for South-South Cooperation and the Chinese Ministry of Commerce through the China International Centre for Economic and Technical Exchanges (CICETE) have agreed to jointly organize the first South-South Trade Forum in Beijing from 13 to 14 December 2004, in partnership with the World Trade University and World Trade Forum Global Secretariat, UNCTAD as well as other multilateral organizations.

II. ABOUT THE SOUTH-SOUTH TRADE FORUM

A. Objectives of the South-South Trade Forum

- To provide a global South platform for the exchange of policy options, experiences and opportunities for mutual cooperation in the areas of trade, joint venture, entrepreneurial development and technology transfer on a South-to-South and triangular basis for achieving the Millennium Development Goals.
- To build and strengthen effective public-private partnership mechanisms for capacity building, especially for the benefit of least developed countries, through enhanced networking, entrepreneurial mentorship and information exchange between and among trade policy-makers, promotion agencies, relevant multilateral organizations, research and learning institutions as well as private sector partners.

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B. Major Themes

- ***Building New Silk Roads Across the South*** - Beyond Existing Trading Blocs & Linkages.
- ***Towards a Win-Win Scenario*** - Global Competitiveness through Cooperation & Complementation.

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C. Focused Sectors

- South-South trade policies and cooperation mechanisms
- South-South trade and information and communications technologies (ICTs)
- South-South trade and energy cooperation

D. Participants of the South-South Trade Forum

The South-South Trade Forum anticipates approximately 300 participants (foreign and Chinese) from the following categories:

- Trade and investment policy-makers, regulatory agencies and trade/investment and/or import & export promotion agencies.
- Multilateral organizations, regional and subregional trade and economic groupings, trade-related non-governmental organizations, academic institutions and eminent personalities.
- International and regional development banks, including relevant financial and commercial institutions.
- Entrepreneurs, business and industry leaders (CEOs/CFOs) from around the globe, with a large majority from developing countries and economies in transition.
- Selected CEO/CFOs from transnational and multinational corporations, especially those who have subsidiaries, factories and joint venture companies in developing countries.

E. Benefits to South-South Trade Forum Participants

The SSTF presents participants with the unique opportunity to:

- Hear prominent business, economic and political leaders from around the globe present case studies, keynote speeches, and discussion panels on key business issues affecting entrepreneurs in the South. Learn from world leaders in trade efficiency, global market development and entrepreneurial growth.
 - Exchange views on major issues and opportunities of global trade, especially those pertaining to enhancing and expanding South-South trade and investment for development.
 - Share experiences in promoting and facilitating regional, sub-regional and inter-regional cooperation in trade and investment.
 - Establish new South-South and South-North-South trade linkages and explore joint venture opportunities.
 - Network with world-renowned business and economic experts, as well as fellow delegates.
- Launch South-South Trade Centre and Network, and facilitate entrepreneurs' effective engagement with it.

III. INNOVATIVE & PRACTICAL COMPONENTS AT THE SOUTH-SOUTH TRADE FORUM

An intensive and interactive experience, the South-South Trade Forum will enable government agents and business leaders as well as entrepreneurs to respond to new challenges and opportunities, to reshape strategic planning, and to renew ambitions for creating new strategic alliances. Participants

and Entrepreneurs will return armed with new knowledge, recharged leadership batteries and comprehensive toolkits to facilitate joint venture opportunities.

A. The Opening of the SSTF

The Grand Opening of the South-South Trade Forum will be held in the morning on 13 December 2004 in the Great Hall of the People. High-level officials from the Government of China and UNDP as well as other dignitaries are expected to address all the participants of the Forum.

B. Plenary Session

The Plenary Session will focus on the following themes:

Theme 1: Challenges and Opportunities of South-South Trade in a Globalizing World – A New Geography of Trade and Economics.

Theme 2: South-South Trade Policies and Cooperation Arrangements – Towards a Win-Win Situation.

Theme 3: South-South Trade Facilitation and Capacity Building – Building Effective Public-Private Partnership Mechanisms for Trade promotion, cooperation and mutual learning.

Three conference papers, namely new geography of trade and economics, energy and trade, and ITC and trade, will be prepared by UNDP in collaboration with WTU, UNCTAD, ITU and CICETE).

The Plenary Session will set the stage for the SSTF and the subsequent interactive sub-forums by presenting facts, arguments and statistics on the global and Southern market and thereby providing an overall conceptual foundation for increased South-South trade. The Plenary and sub-forum sessions will be held to draw together some of the region's and the world's most acclaimed thinkers and doers to present and discuss specific issues facing trade and development challenges in the South. Each session will feature four to five presenters/panelists who are experts on the subject matter for discussion. Presenters will also answer questions and engage participants.

C. Sub-Forums

There will be three (3) Sub-Forums run simultaneously:

- Sub-Forum I will focus on South-South trade policies, mechanisms and capacity building.
- Sub-Forum II will focus on South-South trade and energy cooperation
- Sub-Forum III will focus on South-South trade and ICTs.

Each Sub-Forum will begin with a moderated panel presentation followed by an interactive Q&A period. After the panel presentation and discussion, each Sub-Forum may break up into sector-specific group settings in order to create the environment for more direct exchanges between and among participants of various background and interest aimed at making concrete cooperation proposals or business deals. The private sector participants in particular could use the opportunity to make known their trade and investment intentions or joint venture proposals, as well as suggestions for follow-up actions.

D. The Closing of the SSTF

The Closing will feature reports on the major outcome of the SSTF by each Sub-forum Chairman; adoption of the Beijing Declaration and Plan of Action on South-South Trade (draft to be circulated to all participants upon registration); and announcements of major bilateral and multilateral South-South initiatives.

Note: Field trip including visit to historical sites in Beijing will be organized on 15 October by the host of the South-South Trade Forum. Participants should express interest to join the field trip to the Forum Secretariat upon registration on arrival.

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