**Vi Newsletter**  
**December 2004, issue 3**

The aim of this newsletter is to provide members with details of the current activities and future projects of the Virtual Institute, abstracts of recent UNCTAD publications, and links to other trade and development related sites. The newsletter will also serve as a means by which the network of members can communicate and share ideas on a regular basis.

Our next newsletter will be posted in March. We invite you to submit suitable material for inclusion in it. Material may consist of articles, abstracts, reviews or letters relating to development issues and/or news concerning your university department.

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1. **Vi ACTIVITIES**

Preliminary examination of members' needs has identified Competitiveness as an area of common interest among Vi Members.

### 1.1 Selection of resources on Competitiveness posted on the Vi site

To access these materials go to the Vi website [http://vi.unctad.org](http://vi.unctad.org) - log in with your user name and password, and then click on Network, Resources by Institute, UNCTAD.

### 1.2 New materials on Trade and Environment posted on the Vi site

In October and November we consulted you about your ideas and suggestions for the Vi and we would like to thank all the university members of the Virtual Institute that have responded to our Needs Analysis questionnaire. Your feedback will help us shape present and future Vi activities and projects and support you more effectively. We will prepare a report for you showing the results and identifying key areas of common interest as soon as we have received the questionnaires back from all the members.

A preliminary examination of the answers that you provided to our questionnaire has identified "competitiveness" as a subject of particular interest to a number of Vi members. In response to this need, we have gathered a selection of papers and PowerPoint presentations for you concerning different aspects of competitiveness. You will find abstracts of these papers and presentations below.

In the paper “Economic Policy Challenges in an Open Economy: Coherence between Trade and Finance”, Heiner Flassbeck, Officer-in-Charge of UNCTAD’s Division on Globalization and Development Strategies, emphasizes the importance of understanding competitiveness from the perspective of interdependence and analyses its applicability to developing countries. It explores the possibility and policy implications of using currency undervaluation as a general solution to maintaining competitiveness. The paper is complemented by a PowerPoint presentation.

A paper by Sanjaya Lall, Professor of Development Economics, International Development Centre, Oxford, UK, “Reinventing Industrial Strategy: The Role of Government Policy in Building Industrial Competitiveness”, reviews the nature of current globalization and evidence of the growing divergence in competitive performance in the developing world. The approach adopted draws on evolutionary theories of technical change as applied to development in the technological capability approach. The paper argues that globalization and technical change increase the need for industrial intervention. There is therefore a compelling need to reconsider the rules of the game constraining the exercise of industrial policy, and for international assistance in designing and implementing appropriate policies.

You might also be interested in the PowerPoint presentation by Manuel Albaladejo entitled “Drivers of Industrial Competitiveness in Tanzania: A Capability and Sectoral Approach”. This presentation provides an overview of Tanzania’s main economic indicators, highlights the main economic arguments for Tanzania’s underperformance in manufacturing and draws some conclusions concerning the design and implementation of policy tools to achieve industrial vision.

In response to Vi members’ requests for suggested UNCTAD reading and training material on the environment in the broader context of sustainable development, the Vi team has put together a selection of recent UNCTAD papers and presentations on this subject. These papers aim to facilitate the understanding of the negotiating mandate contained in paragraph 31 (i) of the Doha Ministerial Declaration (DMD) of the World Trade Organization (WTO). They also serve to clarify the
To access the papers, go to the Vi website, UNCTAD resources, Vi Topic “International Trade Relations”.

Presentations are available on the Vi website http://vi.unctad.org - log in with your user name and password, and then click on Network, Resources by Institute, UNCTAD.

relationship between specific trade obligations (STOs) in multilateral environmental agreements (MEAs) and WTO rules, as well as to examine the relationship between environmental and health requirements in developed country markets and their effects on market access and market entry of developing country exports.

The papers deal with energy services, environmental goods and services (one of the two papers on this issue is specifically dedicated to the challenges and opportunities for Central American and Caribbean countries), environmental/health requirements and their implications for market access and export competitiveness, and specific trade obligations in multilateral environmental agreements and their relationship with the rules of the multilateral trading system. The focus is on the perspective of developing countries, their negotiating objectives and development priorities.

We have also posted two PowerPoint presentations on the issue of the Environment on the Vi site. These presentations have been developed by UNCTAD officials within the context of an UNCTAD-FIELD project entitled “Building Capacity for Improved Policy Making and Negotiation on Key Trade and Environment Issues”.

The topics of the presentations are: "Environmental/Health requirements, market access and export competitiveness: trends, problems and approaches", and "Multilateral trade rules governing environmental and health requirements: the TBT and SPS agreements".

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2. UNCTAD PUBLICATIONS: abstracts of PUBLICATIONS which fall under the following Vi topics:

2.1 Information and communications technologies (ICT) for development

To access this material go to the Vi website, UNCTAD Resources, Vi topic “ICT for Development”.

2.1 Vi TOPIC: ICT FOR DEVELOPMENT

E-commerce and Development Report 2004

Information and communications technologies have considerable potential to promote development and economic growth. The UNCTAD E-commerce and Development Report 2004 assesses the implications of the growing role of ICTs in economic development. The report focuses on the impact of ICT on the performance of small and medium-sized enterprises (SMEs) in developing countries and identifies the opportunities (and challenges) that developing countries face in adopting e-commerce and ICT. Of particular interest to Virtual Institute members is a chapter on the potential and challenges of the use of ICT for higher education in developing countries. Other chapters include the use of the Internet and digital technologies in the music industry, e-government in developing countries, and protection of private rights in an online world. The final chapter focuses on an analysis of competitiveness in the IT sector of Tunisia.
2.2 Development strategies

To access these materials go to the Vi website, UNCTAD Resources, Vi topic “Development Strategies”.

2.2 Vi TOPIC: DEVELOPMENT STRATEGIES

Economic Development in Africa - Debt Sustainability: Oasis or Mirage?
This year’s report on “Economic Development in Africa” analyses Africa’s debt problems and its resource requirements. In doing so, it addresses the following questions: Have debt sustainability criteria been based on internationally recognized benchmarks or on objectively and theoretically verifiable criteria? What is the relationship between Africa’s total external debt stocks and the actual amount of debt serviced? Is complete debt write-off a moral hazard or a “moral imperative”? The report tries to put these and other related issues in perspective and recommends that the way to deal with Africa’s debt overhang is either through the adoption of new approaches or a major revision and improvement of present debt relief policies.

The Least Developed Countries Report 2004
This report assesses the relationship between international trade and poverty within the least developed countries (LDCs) and identifies national and international policies that can make trade a more effective mechanism for poverty reduction in these countries. It argues that while in theory international trade can play a major positive role in reducing poverty in the LDCs, in practice this is not happening. In some cases, this is due to a weak trade performance, yet most LDCs achieved much higher rates of export growth in the 1990s than in the 1980s. The failure of trade expansion to lead to poverty reduction has thus rather been related to the weaker linkages in LDCs between trade and economic growth than in the more advanced developing countries.

In addition to the electronic version of the above publications, Vi members can obtain their hard copies free of charge. Interested members can send requests to Marisa.Henderson@unctad.org. Please include your mailing address.

2.3 Science and technology

To access this material go to the Vi website, UNCTAD Resources, Vi topic “Science and Technology”.

2.3 Vi TOPIC: SCIENCE AND TECHNOLOGY

We have posted on the Vi website a selection of UNCTAD working papers which analyse successful cases of technology transfer and integration into the world economy. These papers deal with sectors where selected developing countries have demonstrated their ability to create new productive capacities and successfully participate in the world market. This selection includes three case studies: one focuses on Embraer, the aircraft manufacturer in Brazil, another on the pharmaceutical industry in India, and the third looks at the automotive industry in South Africa.
### 2.4 Vi TOPIC: FOREIGN DIRECT INVESTMENT

UNCTAD has published an extensive series of papers on "Issues in International Investment Agreements" (IIA) that can be of interest to our members. We have posted a selection of these papers for you on the Vi site. These documents contain a tool facilitating the understanding of key issues in international investment agreements entitled “Key Terms and Concepts in IIAs: A Glossary”, as well as papers looking into “Incentives” (definition of “investment incentives”, the key issues in the current policy debate on this topic, such as the non-discrimination principle, transparency, etc.), “Transparency” (the paper examines how transparency issues have been addressed in IIAs and other relevant instruments dealing with international investment), “Dispute Settlement: State-State” (overview of international investment disputes and their settlement), and “Dispute Settlement: Investor-State” (settlement of investment disputes between States, on the one hand, and private parties, on the other).

We have also selected for you several studies relating to investment promotion. "The World of Investment Promotion at a Glance" looks into the organizational structures and operations of institutions that deal with inward investment promotion, commonly known as investment promotion agencies (IPAs), and attempts to find a common denominator in different IPAs and to look at the different practices of IPAs in the promotion of foreign investment. The “Survey of Best Practices in Investment Promotion" examines a variety of critical components in an investment promotion strategy and identifies key issues for best practices in investment promotion. And finally, “Tax Incentives and Foreign Direct Investment - A Global Survey” contains a survey of tax incentive regimes in over 45 countries from all regions of the world.

### 3. MEMBERS

#### 3.1 University of Jordan: Conference on Intra-Arab Trade

The University of Jordan and the Arab Organization for Administration Development held a regional conference on intra-Arab trade development in September 2004. Arab countries participated in the conference with 28 papers. The themes of the conference covered the following four areas: (a) intra-Arab trade: status and perspectives; (b) Arab economic integration and global challenges; (c) Arab economic integration and capital movements; and (d) vision and perspective for the development of intra-Arab trade and economic integration.

For further information about the results of this conference, as well as the papers that were presented, please contact the Vi coordinator at the University of Jordan, Prof. Talib Awad, at talibawad@yahoo.com. One of the papers on intra-Arab trade co-authored by Prof. Awad, as well as a supporting PowerPoint presentation, is available (in Arabic, but with an abstract in English) on the Vi website (after having logged in with your user name and password, please follow Network, Resources by Institute, University of Jordan).
3.2 University of Campinas: study tour to Geneva

The University of Campinas (UNICAMP) and the Vi are jointly organizing a study tour to Geneva for students of UNICAMP’s Economic Diplomacy Course. Students will come to Geneva for two weeks in February in the framework of their academic programme and will have the opportunity to meet and discuss ideas with experts in the field of international trade, investment and development. The Vi is drawing up a custom-made programme of events and activities to occupy the students’ time and minds. The March newsletter will provide more information about the outcome of the tour.

3.3 University of Grenoble: materials to share with other members

To access these materials go to the Vi website http://vi.unctad.org, log in with your username and password, and then click on Network, Resources by Institute, University of Grenoble.

3.4 Jawaharlal Nehru University: research report on FDI

To access this material go to the Vi website http://vi.unctad.org, log in with your username and password, and then click on Network, Resources by Institute.

UNIVERSITY OF CAMPINAS, BRAZIL

The University of Campinas (UNICAMP) and the Vi are jointly organizing a study tour to Geneva for students of UNICAMP’s Economic Diplomacy Course. Students will come to Geneva for two weeks in February in the framework of their academic programme and will have the opportunity to meet and discuss ideas with experts in the field of international trade, investment and development. The Vi is drawing up a custom-made programme of events and activities to occupy the students’ time and minds. The March newsletter will provide more information about the outcome of the tour.

UNIVERSITY PIERRE MENDES FRANCE OF GRENOBLE, FRANCE

The University Pierre Mendès France of Grenoble has recently posted on the Vi site a paper entitled “The international climate regime: towards consolidation or collapse?”, which is also due to be published in the Revue Française d’Économie. The paper, co-authored by the Vi coordinator at the University, Prof. Pierre Berthaud, addresses the problem of collective action drawing on the issues related to international climate negotiations. It focuses on the concept of “hegemony” from the perspective of the International Political Economy (IPE) and the International Regime (IR) Theory.

The University of Grenoble has also agreed to provide the Vi members access to the site of its Institute of International Integration and Industrial Economics (LEPII). This site contains a wealth of information, publications and useful links. Its URL, as well as the user name and password that you will need to access it, can be found on the Vi website, in Network, Resources by Institute, University of Grenoble.

Finally, Prof. Berthaud has posted a selection of materials pertaining to one of his International Economics courses entitled “Analysis of International Competitiveness”. This course examines the changing nature of competitiveness in a globalized world economy. The material posted includes an up-to-date structure of the course, an introduction summarizing the main issues addressed by the course, and a guide to student assignments.

JAWAHARLAL NEHRU UNIVERSITY, INDIA

Professor Manoj Pant, Vi co-ordinator in the Jawaharlal Nehru University, has recently published a paper on foreign direct investment (FDI) entitled “FDI in South Asia: Do Incentives Work? A Survey of the Literature”.

The paper constitutes a thorough and up-to-date survey of the literature. It combines a useful summary of various aspects of the FDI policies of India, Pakistan, Nepal, Sri Lanka and Bangladesh with a brief overview of each country’s FDI policies, performance requirements and incentives. It then goes on to consider the effectiveness of performance requirements imposed by host countries and the costs of accompanying incentives from both a theoretical and empirical point of view. The survey finds that
while a case can be made for imposing performance requirements in South Asia, particularly from the welfare point of view, there is little evidence on the cost-benefit of FDI incentives in the region. This should give cause for concern, as incentives tend to be costly over a period of time.

4. Forthcoming UNCTAD meetings: opportunities for further information

UNCTAD will organize the following meetings in Geneva in the months of January and February 2005. We will make the background documents, as well as the most interesting presentations available to members on the Vi site and announce them in the coming issues of the Vi Newsletter. If you are interested in any of these topics in particular, please let us know at marisa.henderson@unctad.org – we could then follow discussions more closely, relay any specific questions to the experts, etc.

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<th>Meetings</th>
<th>Date</th>
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<td>Expert Meeting on Trade and Development Aspects of Professional Services and Regulatory Frameworks</td>
<td>17–19 January</td>
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<td>&quot;Adjusting to Trade Reforms: What are the Major Challenges for Developing Countries?&quot;</td>
<td>18 and 19 January</td>
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<tr>
<td>Expert Meeting on the Impact of FDI on Development</td>
<td>24–26 January</td>
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<td>Expert Meeting on New and Dynamic Sectors</td>
<td>7–9 February</td>
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5. Interesting links

**African Economic Research Network.**

Of particular interest to our members in Africa, and perhaps not only to them, can be the African Economic Research Network. The website of this network features many economic policy-related resources and publications, including a good selection of papers on trade issues. To access this site, click [here](#).

We would like to extend to all of you our best wishes for a Happy and Prosperous New Year 2005.