

**NGO Intervention at the Thematic Discussions on
Accelerating Industrial Development and Poverty Eradication
4 May 2006, AM session (Conference Rm. 2)**

We note with irony that despite the unprecedented increases in the GDP of many countries due to industrial development, the number of poor people worldwide has also increased and the gap between the rich and the poor has in fact worsened over the past 40 years. The UN Report in 2005 on the "Inequality Predicament" has in fact noted that this gaping inequality has brought human insecurity and marginalization which in turn breed political and religious extremism. We believe that in order for industrial development to lead to poverty eradication, it has to be just, humane and environmentally sustainable.

Among the major macro constraints for industrial development to lead to poverty eradication are as follows:

1. Unfair international regime. Despite international commitment in the Doha Round, the WTO remains as a vehicle for prying open the markets of the South while protecting the markets of developed countries through the AoA, SPS and now the NAMA. The little spaces painfully earned by the South in the multilateral arena are now being undermined by the unequal terms that are brought in bilateral and regional free trade agreements.

2. Restrictive IPR regime that impedes technological transfer and exchange. This hampers the opportunities of developing countries to have access to appropriate technologies that they need to attain industrial development and to address the basic needs of the poor such as by providing affordable medicines.

3. Increasing privatization of basic services such as energy and water as a result of the GATS, structural adjustment programs and pressures from the international financial institutions. The capacity of small-and-medium enterprises (SMEs) to become competitive is greatly hampered by the monopoly positions enjoyed by big corporations in strategic services and utilities which are important to industrial production and meeting the basic needs of the people.

4. Debt burden. The inability of developing countries to compete in the international market, the increasing dependence on imported goods and the assumption of losses incurred by corporations involved in basic utilities by governments are unduly adding to the debt burden. Debt repayments, which eat up as much as 50 percent of the national budgets in many developing countries, are taking away scarce resources from providing basic services and supporting domestic industries.

5. Bad governance, both in the public sector and private corporations. As important as the issues in public governance is the growing concern on corporate governance. Beyond ensuring corporate social responsibility, the world should also look into the criminal acts in the corporate sector ranging from tax evasion to outright bribery. We should not forget that corruption is never one-sided: there will be no takers if there are no givers.

We believe that the biggest obstacle for industrial development to lead to poverty eradication is the "one-size-fits-all" prescription being imposed on developing countries which does not take into account the specific socio-cultural, political and economic development of each country.

Governments must keep the policy space to decide on the specific approach in industrial development according to their particular level, rate and pacing of development based on their capacity and the needs of their people as priority.

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