



United Nations Industrial Development Organization

Distr.: General
29 September 2011

Original: English

General Conference

Fourteenth session

Vienna, 28 November-2 December 2011

Agenda item 9 of the provisional agenda

Forum on industrial development issues

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Issues paper by the Secretariat

I. Introduction

1. During the fourteenth session of the General Conference, UNIDO will organize an Industrial Development Forum, convening prominent leaders from government, the corporate sector, civil society, international organizations and academia. The Forum addresses the plenary session during the first day of the Conference (Monday, 28 November 2011). It will be organized as a high-level interactive debate, moderated by Ms. Zeinab Badawi of the BBC. A keynote address will be delivered by Mr. Jeremy Rifkin, President of the Foundation on Economic Trends and adviser to the European Commission, the European Parliament, and several European Heads of State.

2. The overarching theme of the fourteenth session of the General Conference is "The new industrial revolution: Making it sustainable". This theme highlights the fact that inclusive and sustainable industrial development strategies are of critical importance to reconcile the three dimensions of sustainability: environmental, economic and social.

II. Background issues

A. Call for a new, sustainable industrial revolution

3. Throughout recent history, multilateral systems have emerged out of global crises. The League of Nations was born after the devastations of World War I but could not survive the global economic depression and nationalist pressures of the time. The United Nations and Bretton Woods Institutions that followed World War II

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were fundamentally concerned with rebuilding destroyed economies and the need to prevent another major armed conflict. With the oil shock in 1973 and the subsequent recession, the Group of Seven (G-7) was established (complemented later by the G-20) and has dominated global economic and financial policy ever since. At the same time, the forces of globalization were unleashed; trade became the major driver of global economic growth; technological innovation had a radical impact on the life, work and communications systems of a global population that grew by approximately one billion every twelve years; and it became increasingly clear that climate change would have potentially dramatic implications for humanity in the near future.

4. Never has the world been more interdependent, more shaped by technological, economic and social progress, and yet more vulnerable to economic and environmental shocks and political failure. The global economic, social and political systems have recently been under great pressure, and although they have coped so far, it will be increasingly difficult to meet the aspirations of the world's growing population for prosperity and justice. This will require addressing an array of converging systemic risks that characterize the current era of globalization: the food, fuel and financial crises; changes in demographic structures and attendant pressures for migration; the growth of the illicit economy; the threat of climate change and the unsatisfied need for mitigation and adaptation responses, inter alia, through greener patterns of economic and industrial growth; and increasing inequalities.

5. A further deepening of the current crises is possible over the next decade, as an increasingly crowded, diverse and interconnected world confronts threats that it is not equipped to withstand. This provides fertile ground for instability and volatility, especially for fragile States, such as those emerging from conflict. Resource scarcity, or the limits to the sustainable consumption of highly strategic commodities such as energy, land, water, food, and space for emissions, will thus play an increasingly important role in ensuring global stability and security.

6. Current growth trajectories, based on traditional industrial growth patterns, are hitting their limits. It may be possible to innovate around these, provided that massive investment and radical policy change accompany such innovation and technological advancement. It will thus be necessary to take decisive action and move the sustainability agenda from the "green margin" into the economic and geopolitical mainstream. A "new industrial revolution" is needed that demonstrates how the unsustainable patterns of our current global system impact on all other important economic, social and security drivers. It must also demonstrate how we can manage a transformation of our systems, and in particular our energy systems, without causing major social unrest or conflict. In this, policymakers are confronted with complex challenges: how to promote the greening of industry and growth, how to face equity issues in our world of limits, and how to build resilient economic systems, for which few ready-made solutions exist and which require cooperative approaches for supporting a successful transition.

B. Current crises and their impact

7. The repercussions of the financial crisis continue to be felt by all. In the developed world, the economic recovery is fragile and continues to be threatened by high fiscal deficits and associated demands for austerity. In parts of Europe and in the United States of America, unemployment has reached levels not seen for 20 or more years. The effects on developing countries have also been challenging as they have been forced to cope with reduced inflows of foreign direct investment and remittances, a slowdown in exports, and possibly a longer-term deceleration in growth. Their vulnerability is exacerbated by their lack of economic diversification and reliance on commodity exports, which are subject to great volatility on global markets.

8. Food prices had surged in the run-up to the economic crisis, and remain about 60 per cent higher than three or four years ago, showing no sign of falling back to pre-crisis levels. Their effect on the world's poor is being exacerbated by the long-term trend towards a fossil fuel-derived energy shortage, which is causing many more people to go hungry, and raising the risk of civil unrest and political insecurity. Meanwhile, the demand for food and energy as well as for employment and income opportunities, is continuing to surge as a result of the accelerating rate of global population growth, which is largely concentrated in developing countries. Over the last century, world population has more than tripled, to over 6.5 billion people today. The consequences of this growth are immense, and it is clear that this situation is not sustainable.

9. Although climate change is a global phenomenon, the way in which countries contribute to the problem and their vulnerability to its impact differ. In fact, climate change acts as a threat multiplier enhancing this vulnerability, especially for those living in abject poverty. Its effects include such major global challenges as increased migration pressures, security threats, and the rise of the global illicit economy. In short, for the developing countries to be able to break the poverty cycle and realize their sustainable development objectives, the issue of climate change will need to be addressed comprehensively.

10. These developments have a particularly severe effect on women, as they are disproportionately vulnerable due to their limited access to resources and decision-making processes. Equitable and inclusive growth cannot be achieved without taking advantage of the potential of women and girls — half of the world's population. In particular, expanding the economic opportunities available for women is vital for poverty eradication and requires a strong emphasis on gender-sensitive employment-creation measures; the provision of productive resources such as land, credit, technology and skills to women; and simultaneous investment in care services that reduces the burden on women's unpaid domestic and care work. Women need to be fully integrated into the growth and development process, as this is more than likely to yield positive multiplier effects for households, communities and ultimately national economies.

11. A “new industrial revolution” will thus need to mitigate a complex bundle of systemic pressures and threats. This can only be achieved through a comprehensive rethinking of the way business is conducted and how these global challenges are being approached by the international community and all its stakeholders, both

public as well as private. New modes of international cooperation, networking and partnership need to emerge, allowing for new concepts and technologies that benefit all, including vulnerable groups. If this is to be achieved, the “new industrial revolution” must be global in nature, simultaneously addressing the economic, environmental, social, justice and security challenges. Anything less will be insufficient to mitigate the threats facing the current era of globalized systems.

C. Questions to be discussed at the Industrial Development Forum 2011

12. The high-level forum at this session of the General Conference will explore some of the possible answers and solutions to these issues and set the scene for a policy agenda towards making the new industrial revolution sustainable. The debate may shed light on several issues and questions including the following:

(a) What should be the dimensions of the “new industrial revolution” to address the current range of complex economic, environmental, social, justice and security challenges?

(b) How can this “new industrial revolution” be made sustainable, promoting the continued development and creation of prosperity, particularly in developing countries, while minimizing environmental risks? How could the participation of vulnerable groups in this process be promoted and protected?

(c) What are the potential issues and difficulties linked to the new concepts, technologies and approaches, emerging from a “new industrial revolution”? How can the transformation of core economic systems, including energy systems, be advanced without causing major economic or social disruption?

(d) Can the “new industrial revolution” be financed given the current financial crisis? What new modes of international finance can fulfil such a purpose?

(e) What are the necessary governance principles and modes of international collaboration for the “new industrial revolution”? How would international cooperation, networking and partnerships need to change in order to cope with the complexity of the current situation and the potential system of risk mitigation responses? How can the private sector be involved in such a new governance structure in a productive and effective way?

(f) Are there specific regional challenges in the realization of the “new industrial revolution”? How should these challenges be addressed or approached? Are there regional solutions or best practice options to be demonstrated as role models for behavioural change in industry?

13. Throughout the fourteenth session of the UNIDO General Conference, regional round tables will complement the discussions at the forum, addressing specific regional challenges and possible solutions related to the new industrial revolution.