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on Trade and Development**

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European Union Position Paper

**Council Conclusions: The European Union's Key Objectives
and Priorities for the Thirteenth United Nations Conference
on Trade and Development**

The Thirteenth United Nations Conference on Trade and Development (UNCTAD XIII)

1. These Conclusions set out the European Union's key objectives and priorities for the 13th United Nations Conference on Trade and Development (UNCTAD XIII, Doha, Qatar, 21 - 26 April 2012), that will establish the UNCTAD work programme for the following four years. The main theme of UNCTAD XIII will be 'development-oriented globalization: towards inclusive and sustainable growth and development'.

2. A large number of the challenges facing developing countries and emerging economies require global solutions. UNCTAD XIII will provide an important opportunity for dialogue on globalisation issues and interrelated areas. The Council considers that the issues tackled within the themes for UNCTAD XIII shall remain within UNCTAD's core mandate - as it relates to trade, investment and development - and within its capabilities and existing resources. UNCTAD's core mandate with its three pillars (consensus-building, research and technical assistance) and its universal membership make it a valuable forum for continuous and comprehensive 'development dialogue' between developed and developing countries. UNCTAD is therefore well-placed to promote the areas of investment and trade and to contribute to sustainable development.

The European Union's key objectives

3. The Council expects evidence-based discussions and is strongly committed to an outcome-oriented approach at UNCTAD XIII adding political momentum for inclusive growth and sustainable development. The EU emphasises that the future work programme, to be adopted in Doha, should build on the Accra Accord from UNCTAD XII (2008). The Council expects UNCTAD to continue to carry out research and analysis to promote policy dialogue and to provide technical assistance. These activities should be within UNCTAD's above-mentioned core mandate and equally within its capacities and resources to add value and deliver results for all developing countries. The Council underlines that UNCTAD should continue to pay particular attention to the needs of Least Developed Countries (LDCs), notably those in Africa. In order to ensure a coherent treatment of issues and approaches UNCTAD's work should not overlap with, and be consistent with the work of other UN organisations, the WTO, World Bank, IMF and OECD ensuring close cooperation with them. UNCTAD should also cooperate closely with regional organisations, the private sector and civil society. The outcomes of recent and upcoming major international development conferences and relevant high-level events (e.g. Busan High-level Forum, Rio+20, Fourth United Nations Conference on the LDCs, High-Level Plenary Meeting on the Millennium Development Goals, the G20 2011 Summit in Cannes, the upcoming WTO Ministerial Conference and the UNGA High-level Dialogue on Financing for Development) should be taken into account within UNCTAD's activities.

4. The Council encourages UNCTAD to continue improving the quality of its technical assistance and capacity programmes through the entire programme cycle from planning to implementation and monitoring. The Council stresses that putting more emphasis on results-based management is a prerequisite for enhancing the impact of UNCTAD's work. The Council supports UNCTAD's work concerning the consolidation of trust funds to broader thematic multi-year multi-donor trust funds and recommends UNCTAD to continue this work in the future.

The European Union's priorities

5. The Council welcomes the focus of UNCTAD XIII on inclusive and sustainable growth and development. Improving people's ability to participate in and benefit from wealth creation, as well as improving employment creation, are critical for long-term and effective reduction in poverty and inequality. This requires good governance, a strong market focus and dialogue between the private sector and the state, together with policies to promote a green economy and to protect the environment as well as policies to promote human development among the most vulnerable, including through social protection.

6. The link between globalisation and trade and development can be studied from several perspectives. In UNCTAD XIII the analysis of opportunities and challenges should focus on helping developing countries, in particular LDCs, benefit from the trade opportunities of globalisation. To this effect, the Council believes that UNCTAD XIII and UNCTAD as an organisation should address the needs of developing countries by responding to the following four strategic questions:

- (a) How integration in the world economy can help developing countries achieve inclusive and sustainable growth;
- (b) How UNCTAD's research can help developing countries to adopt inclusive growth policies;
- (c) How a differentiated approach to development partnerships is key to achieving value for money; and
- (d) How the follow up to the outcomes of recent major international development conferences can be taken into account.

7. The Council welcomes as a useful input the Commission Staff Working Paper¹ 'To prepare an EU position in view of UNCTAD XIII Conference', including its analysis of the Conference's theme and four subthemes. While remaining within its core mandate of facilitating consensus-building, carrying out research and providing technical assistance, UNCTAD should focus on those areas where it has built comparative advantage and can provide an added value. In this regard the Council will support the future activities of UNCTAD in the following areas:

- (a) *Investment: the role of Foreign Direct Investment in promoting development:* The EU considers Foreign Direct Investment (FDI) a key means to promote development and economic growth. An attractive environment (regulatory framework, infrastructure and human capital, domestic policies) is essential to attract FDI flows and encourage domestic investment. UNCTAD should continue to deliver policy-orientated research on issues related to the contribution of FDI and other capital flows to inclusive growth and sustainable development; the interaction of FDI and domestic investment; the relationship between ODA and FDI; the role of FDI in services; and the link between FDI and regional integration - through larger markets.

¹ Doc. 14141/11.

(b) *Economic diversification and productive capacities:* The Council strongly supports the efforts of developing countries with the help of providers of international development assistance, to create the right economic and social environment, to identify comparative advantages in productive sectors and diversify the economy. A diversified economy, based on a wide range of sectors, plays a key role in ensuring sustainability and reducing a country's economic volatility. UNCTAD should help developing countries to develop and open their markets free of restrictions to international trade (exports and imports) and in accordance with their development levels and in line with WTO rules; to assist in the implementation of trade facilitation reforms; to explore the different options for structural transformation by diversifying their exports; to analyse and promote policies to improve productive capacities and to stimulate the interaction between FDI and local productive capacities. The Council considers that the ability to use modern technology, especially in the field of Information and Communication Technology (ICT), is essential to improve productive capacities. UNCTAD should continue to provide technical assistance to countries in the ICT area concerning the legal and regulatory frameworks and the measuring of information technology. The move towards a green economy means investing in natural assets as well as making use of low-carbon and resource efficient solutions to promote sustainable consumption and production patterns. Climate change may be an added challenge. Without prejudice to work undertaken in other forums and in cooperation with other organisations, UNCTAD should help developing countries to make informed choices and provide capacity building expertise in trade-and-investment related environmental sustainability.

(c) *South-South and Triangular Cooperation and regional integration:* The Council recognizes South-South Cooperation² (SSC) as a growing and dynamic phenomenon, aiming at bringing new opportunities, sharing experiences and lessons learned in the pursuit of economic and social development, including the achievement of the Millennium Development Goals (MDGs). SSC was included in the final agreement of the Accra Agenda for Action, as well as Triangular Cooperation as an instrument of SSC and a way to increase the efficiency of aid. UNCTAD's contribution should continue through technical assistance work in the areas of international trade in goods - including trade facilitation³ -, services and commodities. UNCTAD should collect data on SSC - including more information coming from emerging partners - and use it to analyse the impact of South-South trade and market opening strategies for Least Developed Countries and Low Income Countries. UNCTAD's work could examine the effects of regional integration on trade (domestic and intra-regional) and investment.

(d) *Strengthening commodity sectors:* UNCTAD should continue to pay attention to the issue of commodity dependence and to support commodity dependent developing countries in formulating sustainable and inclusive national development strategies. Such strategies should contribute to the sustainable development of commodity sectors, promote movement up the value chain, integration into the global supply chain and support small holder farmers. UNCTAD should continue analyzing transparency and accountability issues surrounding investment in natural resources. UNCTAD is encouraged to promote revenue transparency and responsible natural resource management. UNCTAD should continue its research activities concerning price volatility of commodities, including food products.

² Cooperation between developing countries themselves and/or emerging economies is commonly referred to as South-South Cooperation. South-South Cooperation supported by one or more developed countries is commonly referred to as Triangular Cooperation.

³ Trade facilitation is also an important component of the EU's policy to assist developing countries. The EU supports the WTO Aid for Trade initiative notably through its Aid for Trade Strategy.

(e) *The role of the private sector in trade and development:* The Council considers that the mobilisation of resources - international and domestic - is crucial for development. Developing countries should recognize the links between enterprise development, competitiveness and job creation. UNCTAD should strengthen its activities in research and technical assistance with regard to stimulating enterprise development and business facilitation. Developing countries need competitive firms that are able to take advantage of export opportunities and national policies to improve access to finance for Small and Medium Enterprises (SMEs) and private investors. UNCTAD's research and political dialogue in this area should support efforts to deliver effective financial services to SMEs, micro-enterprises and individuals as well as help developing countries to formulate and enforce competition law. The EU has played a significant role in international fora to reduce transfer costs and facilitate money transfers. National policies in developing countries should design measures to record remittances through formal channels and improve data on these inflows. UNCTAD's technical assistance and research in this area may be able to help developing countries to design such measures and explore how the cost of remittance services in different locations, with different market characteristics, vary.

(f) *Good governance:* The Council recognizes good governance at all levels as a fundamental principle for creating a sound environment for trade and development. At country level it also plays a significant role in attracting Foreign Direct Investment and in encouraging private investment. UNCTAD's research and technical assistance in this field will be very instrumental for partner countries to strengthen their institutional capacity in the fields of trade and investment and build on the relevant transparency initiatives of developed countries.

8. The Council underlines that gender equality, women's political and economic empowerment and women's enjoyment of human rights are essential for poverty reduction, sustainable development as well as for women as economic actors. For women in developing countries the ability to engage in trade increases their income generation, enables them to make productive investment, in particular in children's education and health, and reduces poverty. The Council calls on UNCTAD to strengthen its work related to gender mainstreaming and women's empowerment.

9. The Council calls on UNCTAD to deliver analytical studies and provide as appropriate advice and capacity development on the issues which have been underlined.

10. The EU, as the world's largest trading partner, the largest donor of development assistance and the biggest contributor to multilateral trade related assistance programmes, reiterates its commitment to a successful outcome of UNCTAD XIII that would confirm UNCTAD's central role in promoting trade and development.