UNCTAD XI gives boost to multilateral trade negotiations

UNCTAD's eleventh session (São Paulo, Brazil, 13-18 June 2004) ended with the adoption of the São Paulo Consensus, which once again places UNCTAD at the centre of the trade and development debate.

The official conference theme was "Enhancing coherence between national development strategies and global economic processes towards economic growth and development, particularly of developing countries". This focus on coherence was examined from the following four angles, each one corresponding to a subtheme: development strategies in a globalizing world economy; building productive capacity and international competitiveness; assuring development gains from the international trading system and trade negotiations; and partnership for development.

The São Paulo Consensus

The outcome of the negotiations is contained in the *São Paulo Consensus*. For each sub-theme it identifies problems, formulates appropriate national and international responses and spells out how UNCTAD can contribute. It builds on the Bangkok Plan of Action adopted at UNCTAD X in February 2000 and introduces a number of new areas of work (see below).

The Spirit of São Paulo is a declaration by member States. It presents their views on international economic cooperation and reconfirms their support for UNCTAD's work and activities.

A crucial time in the history of international trade

UNCTAD XI was the first multilateral trade conference after the setback of the World Trade Organization (WTO) ministerial meeting in Cancún (Mexico) in September 2003. During five intense days of meetings and negotiations, participants addressed a multitude of international trade issues – from globalization and poverty reduction to competition, investment, product diversification...

UNCTAD XI was viewed by participants as an ideal opportunity to help rebuild confidence in the ongoing WTO Doha round. A structured multilateral trading system is widely believed to be the only way forward.

A new geography of world trade

The increasing contribution of developing countries to global growth was highlighted throughout the conference – what Brazil's President Lula da Silva referred to as "a new geography of world trade".

An important outcome that strengthens solidarity among developing countries was the new impetus given to the *Global System of Trade Preferences* (GSTP) among developing countries. A new round of negotiations will start in November 2004 and is scheduled to last two years.

The Global System of Trade Preferences

The idea of creating a framework for the exchange of trade preferences among developing countries was first discussed by the Group of 77 in 1976. The intention was to promote trade and economic cooperation among developing countries through the exchange of concessions, such as tariff preferences on selected products and the removal of non-tariff barriers. Rather than replace existing agreements, the new accord was intended to supplement subregional, regional and interregional economic groupings.

The Agreement on the Global System of Trade Preferences was finally ratified in 1989 by 41 countries.

UNCTAD services the Committee of Participants to the agreement and provides technical and administrative assistance.

Today the group of 43 GSTP countries accounts for 55% of all developing-country trade.

Need for policy space acknowledged

For developing countries an important achievement was undoubtedly the acknowledgement in the São Paulo Consensus of the need for "policy space" – the recognition of their need to adopt their own domestic policies, particularly in the areas of trade, investment and industrial development, where they are often constrained by trade agreements and loan conditions. This is particularly important for developing countries when negotiating trade agreements. According to the Consensus, each government should "evaluate the trade-off between the benefits of accepting international rules and commitments and the constraints posed by the loss of policy space… All countries [should] take into account the need for appropriate balance between national policy space and international disciplines and commitments".

New areas of work – Bangkok +

- **Linkages between trade and poverty and trade and gender**. UNCTAD will support developing countries in analysing these linkages and carry out analytical work on the linkages between trade and financial flows and debt sustainability.
- **Reviews on new and *dynamic sectors*.** The studies will help countries to identify opportunities in particular sectors and define policy options tailored to each country's specific needs.
- ***Benchmarks* on domestic trade and development**. Indicators will be identified to evaluate how domestic trade policies contribute to development. They will include overall trade performance, the openness of markets, the equity and fairness of trade rules and the importance of the commodities sector.
- **Corporate responsibility.** UNCTAD will undertake analytical work to facilitate and enhance positive corporate contributions to the economic and social development of host developing countries.

- **Mechanisms to monitor and measure digital economy developments and the use of information and communications technology (ICT)**. UNCTAD will create these mechanisms and support developing-country efforts to develop e-business in dynamic sectors.
- **"Secure" trade.** *This new area* involves monitoring changes in security arrangements and analysing their implications for developing-country economies, with the objective of securing an environment that is conducive to trade and at the same time secure.

Greater civil society involvement

The participation in UNCTAD's activities of civil society – non-governmental organizations, trade unions, business associations and the academic community – as well as parliamentarians and the private sector, is to become more systematic. During its Trade and Development Board, held in October each year, UNCTAD will arrange half-day informal hearings with non-state actors, and the outcome will serve as an input into the Board's discussions.

Partnerships

UNCTAD has played a pioneering role in building partnerships between UN organizations, civil society and the private sector. Since the *Partners for Development Summit* in 1998 and *UNCTAD X* in 2000, partnerships have moved from the conceptual stage to actual implementation.

UNCTAD XI launched a number of partnerships with governments, local authorities, civil society, international and regional organizations, and the private sector.

- **International task force on commodities.** The task force will share information and expertise on the operation of commodity markets. It will focus on a wide range of issues, from mobilizing resources and sharing best practices to dealing with commodity sector vulnerability and helping farmers to participate in international markets.
- *Virtual Institute on Trade and Development*. The institute is a worldwide research and training network on trade and development issues. Its aim is to help future decision makers to make informed choices on the right kind of economic development for their countries. Founding members include the University of Campinas (Brazil), the University of Mauritius and Jawaharlal Nehru University (New Delhi, India).
- *Information and communications technology* **(ICT).** Aimed at improving developing countries' competitiveness, these partnerships promote ICT applications in strategic areas such as e-tourism and e-measurement, where UNCTAD has undertaken pioneering work on assessing the use and impact of ICT in developing countries, and the use of "free and open-source software" – software that is easily adapted to the needs of developing countries.
- **Investment for Development Network.** The network will help countries attract foreign direct investment (FDI) and build human resource and institutional capacity. It will focus mainly on strategic investment advice, intellectual property rights and good governance in investment promotion.