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Chairperson: Mr. Hoppe (Vice-Chairperson) (Germany)

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In the absence of Ms. Ogwu (Nigeria), Mr. Hoppe (Germany), Vice-Chairperson, took the Chair.

The meeting was called to order at 10.20 a.m.

Agenda item 48: Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the preparation of the 2008 Review Conference *(continued)* (A/63/345; A/C.2/63/L.19 to L.23)

1. **The Chairperson** recalled that, at the Committee's 23rd meeting (A/C.2/63/SR.23), he had introduced draft decisions A/C.2/63/L.19 to L.23. One of those draft decisions (A/C.2/63/L.20) would have the General Assembly recommend for adoption by the 2008 Review Conference the provisional rules of procedure for the Conference, as contained in annex I of the note by the Secretary-General on the proposed organization of work of the Conference (A/63/345). At the same meeting, a delegation had raised concerns about the wording of rule 61 of the provisional rules of procedure. Consultations had been held and the following new version of the second sentence of rule 61 had been formulated:

"In accordance with General Assembly resolution 62/187, the representatives of the international financial and trade institutions, in particular the major institutional stakeholders involved in the financing for development process, are invited to participate following the practice of the International Conference on Financing for Development held at Monterrey, Mexico, in 2002."

He urged delegations to give favourable consideration to the proposed amendment, so that action could be taken on all five draft decisions at the Committee's afternoon meeting.

2. **Ms. Navarro Barro** (Cuba) said that, while the proposed amendment to the second sentence of rule 61 of the provisional rules of procedure eliminated many of her delegation's concerns, she would still need to consult further with her capital. It was her hope, however, that it would be possible to adopt the draft decision in question at the Committee's afternoon meeting.

Agenda item 47: Macroeconomic policy questions *(continued)*

(a) International trade and development (A/63/15 (Parts I-IV), A/63/168 and A/63/324; A/C.2/63/3)

3. **Ms. Puri** (Acting Deputy Secretary-General of the United Nations Conference on Trade and Development (UNCTAD)) introduced the report of the Secretary-General on international trade and development (A/63/324). Since the report's publication in August, the world economy and the developing countries had weathered a number of crises. The world stood on the threshold of a prolonged slowdown, if not a recession, with major implications for international trade and development, developing countries' development prospects and the timely attainment of internationally agreed development goals, including the Millennium Development Goals. Noting that the year 2008 had been dubbed the year of development, she said that the twelfth session of UNCTAD, held in Accra in April, and the High-level Event on the Millennium Development Goals, held in New York in September, had provided an opportunity not only to take stock, but also to address current challenges and fashion enabling international cooperation and policies. The same would be true of the upcoming Doha Review Conference.

4. The current crisis had been preceded by a sustained period of growth in world output, led by developing countries, including those in Africa. As noted in the Secretary-General's report, the year 2007 had seen developing countries' merchandise exports and share in world merchandise exports grow and foreign direct investment (FDI) inflows to developing countries reach a record level. Trade had therefore become a major source of development finance and an engine for growth, enabling more and more developing countries to raise incomes, reduce poverty, create full and productive employment, and foster gender welfare and equity. The Accra Accord, adopted at the twelfth session of UNCTAD, had heralded the emergence of some developing countries as regional and global dynamos of trade and investment. The emergence of an alternative engine that powered trade, development and a second wave of globalization had provided a new vitality to South-South trade, investment and economic cooperation.

5. Against that positive backdrop, the food, fuel and financial crises posed a threat to development gains

from trade and could impact negatively on productive and infrastructure capacities and on the attainment of the Millennium Development Goals. Of particular concern was the interaction between those crises. Speculation had contributed to high food and energy prices, by amplifying price variations and thereby causing portfolio investments to shift to food and fuel markets in search of higher returns. Now that the world was on the brink of a financial meltdown and investors had exited those markets, food and oil prices were falling. Falling commodity prices, meanwhile, were causing problems for developing countries and served as a reminder that the food and fuel crises had not gone away.

6. As the global financial system went into meltdown, finance was being squeezed, with negative repercussions for economic growth. The liquidity shortages, credit crunch, loss of investor confidence and exchange rate misalignments had affected the real economies of developing countries and countries with economies in transition, raising the spectre of a prolonged global economic recession. Such conditions had shaken the economic dynamism of the South and put at risk its trade-related growth, exposing it to new vulnerabilities and shocks. While it was still early, anecdotal evidence and trends being monitored by UNCTAD pointed to a fall in consumption and demand in developed countries and in the “regional and global dynamos” of the South. Such a fall would affect the production and export of commodities, manufactures and services in most developing countries. In addition, FDI was expected to fall by 40 per cent.

7. There could be no real decoupling of developing countries from the crisis in developed countries’ financial markets. Developing countries would, however, be affected in different ways, depending on their degree of exposure to financial markets, international trade and investment linkages, current account positions, economic structures and institutional solidity. Those with large foreign exchange reserves, large and well-regulated domestic markets, diversified economies, and budget and current account surpluses would fare the best. Those that depended on exports of two or three commodities faced the double impact of lower demand and declining prices. Areas affected included agricultural commodities, forestry and horticultural products, marine products, minerals and metals, and oil and gas. The drop in demand was also due to the fact that the manufacturing and service

sectors for which those commodities were inputs had stalled or contracted.

8. A number of manufacturing sectors in which developing countries had extant or potential comparative advantage were also being affected, as demand from the United States and Europe stagnated and other developing countries’ engines were unable to pick up the slack. Such a situation affected not only Asian manufacturing and exporting hubs; it was also likely to affect the exports of raw materials and intermediate products of African and Latin American developing countries.

9. The fall in demand and the credit market squeeze was liable to be transmitted from developed to developing countries through global production sharing schemes and networks in key manufacturing sectors. Moreover, the credit crunch might affect the dynamic small to medium-sized enterprise sector of developing countries, which accounted for a significant and growing share in production and exports. That was particularly true of the textiles and clothing and automotive sectors, which were experiencing a slowdown. Machinery and machine tools, petrochemicals, electrical and electronic goods, computer and information and communications technologies (ICT) equipment, steel and steel products, and toys and leisure equipment were among other developing country industrial exports to be affected.

10. Apart from the contagion with regard to financial services, where the impact on developing countries was proportionate to their degree of exposure to the crisis’ epicentre and to their level of protection, domestic and foreign investment in infrastructure services was likely to be constrained. The dramatic fall in freight orders and costs in recent weeks demonstrated the extent to which the financial crisis was reverberating in the trade and transport sectors. Shipbuilding orders and investment in ports had also fallen. Tourism services, on which many developing and least developed countries depended, had felt an immediate impact. There were signs that exports of information technology (IT)-enabled services (mode 1 of the General Agreement on Trade in Services (GATS)) and the temporary movement of workers from developing countries for the purpose of delivering services in developed and other developing countries (mode 4) were also being affected. The latter was evidenced by the recent shrinkage of remittances from the United States and Europe to some Latin American countries.

11. On the one hand, successive waves of autonomous and multilateral trade liberalization had resulted in an unprecedented reduction in tariff barriers. On the other hand, non-tariff measures had proliferated, restricting the market access and entry of developing country goods and services. The food, fuel and financial crises, economic and job-related uncertainty and measures relating to climate change were generating a plethora of import and export restrictions as well as protectionist stances, which should be monitored, disciplined and countered.

12. Turning to lessons to be applied to future strategic trade and development policies, she said that trade expansion as an engine for growth and development remained valid. It was an enabling tool for employment generation and poverty reduction. Countries should be careful not to relapse into unilateralism and protectionism.

13. Second, the multilateral trading system must be maintained and strengthened. Every effort should be made to conclude the Doha Round and deliver a freer, fairer and more development-oriented trading system. The Round had provided unique opportunities to reform and rebalance the existing system by further opening markets for developing country exports in agriculture, manufactures and services; slashing farm subsidies; modernizing, and ensuring fairness and equity in, trade rules; and mobilizing support for competitive supply capacity and trade-related infrastructure through the Aid for Trade Initiative and other support mechanisms. The multilateral trading system, while unable to solve all development challenges alone, made an important and necessary contribution to addressing such challenges in the medium to long term.

14. Third, the collapse of the Doha Round should be seen as a temporary setback. World Trade Organization (WTO) members must make every effort to re-engage in negotiations and deliver the Round's development promise. The multilateral trading system should be upheld as the cornerstone of global trade governance and a bulwark against emerging protectionist sentiments and trade disputes. Regional and bilateral trade agreements should complement that system and also uphold development.

15. Fourth, the recent crises had highlighted the need for effective global governance and rules of the game not only in the trading system, but also in the financial

and monetary systems. Such governing structures and processes should be informed by developing countries' full participation in agenda-setting, decision-making and rule-making, in the true spirit of multilateralism. The United Nations played an important role in making that change happen.

16. Fifth, global economic interdependence — the existence of which had been reaffirmed by the recent crises and their global impact — called for greater coherence between the national, regional and international levels, between developed and developing countries, and between trade, financial, monetary, technological and development cooperation policies.

17. Sixth, there was an even greater need than before to work towards a more effective global partnership for development, particularly in the context of Goal 8 of the Millennium Development Goals. The food, fuel and financial crises and the required responses to climate change called for enhanced official development assistance (ODA), debt relief and technology transfer, so that developing countries could build economic resilience and resume their trade- and development-related progress. In that regard, anti-recessionary measures and stimulus packages should be directed not only at stimulating developed countries' consumption, but also at improving the purchasing power of the poor and raising their productive capacity. Such action would provide an exponential source of demand, production and trade growth, for the benefit of all.

18. **Mr. Bhattacharya** (President of the Trade and Development Board of the United Nations Conference on Trade and Development), introducing the reports of the Trade and Development Board (A/63/15 Parts I-IV), said that the Accra Accord, adopted by the United Nations Conference on Trade and Development at its twelfth session, was a multifaceted and re-energized programme for UNCTAD. With regard to the present financial crisis, the Board had discussed the need for strengthened financial supervision and regulation, a multilateral framework for exchange-rate management and trade, and an internationally coordinated macroeconomic policy response. Packages that did not include those elements would not optimize global growth or mitigate the possibility of global recession.

19. As a result of the financial crisis, the flow of ODA might decrease, which would mean that commitments to financing the achievement of the Millennium Development Goals (MDGs) would not be

met. Though ODA had increased, it was in fact as a result of debt relief and not an actual addition to the development of productive capacity. If the flow of ODA was not protected and promoted, in both quality and quantity, the MDGs, particularly the Goals relating to poverty, would not be achieved.

20. There had been some discussion of reforming the Bretton Woods institutions, leading to a “Bretton Woods Mark II”, but due consideration must be given to what that would entail. As a number of the old institutions had failed in their role to provide global financial oversight and stability, the new context should perhaps give rise to a new type of institution, rather than more of the same. Participants in the meeting of the Group of Twenty (G-20) in Washington, D.C. had been quite confused on that matter, since there appeared to be a conflict of interest in giving space to the originators of the problem rather than the victims. That further highlighted the need for an inclusive effort. The 2008 crisis could in fact be a development watershed if lessons learned were used to improve the whole global economic and financial system.

21. The food crisis was not a short-term emergency problem, but rather a long-term development failure. He noted, in particular, that resources channelled into agricultural development had been insufficient. The commodities market must be stabilized; a more predictable and transparent system would reward producers and not jeopardize consumers.

22. Once the new Government was in place in the United States and elections had been held in the European Union and India, there might be a stronger political mandate for the Doha Round, but that did not mean that deliberations could not continue on other unfinished issues. An early conclusion of the Doha Round was crucial, but need not to be at the expense of the development commitments undertaken. Dealing with market access for goods and services, providing a level playing field for agricultural trade and rebalancing the rules to create policy space for development activities as soon as possible would send a strong positive signal to the global economic community.

23. Investment concerns were an aspect of trade that needed to be addressed. After a sharp rise in 2007, the global flow of FDI was again slowing down, which would affect least developed countries. Stressing the

importance of public-private partnerships, he said that Government investment must be commensurate with that of transnational corporations in a transparent regulatory framework in each country.

24. The least developed countries had performed quite well over the previous decade, but that performance had been erratic and was extremely fragile. Their achievements in the areas of growth, investment and poverty alleviation must be protected. Specific development strategies, including incentive packages, productivity promotion and institutional reforms, should be implemented in order to overcome the supply-side problems of those countries, particularly in sub-Saharan Africa. The Trade and Development Board had highlighted the need for South-South cooperation as well as Aid for Trade. Products from Africa reaching developed markets should be afforded greater market access under much more favourable conditions.

25. The Board had expressed deep concern about the “de-development” process occurring in Palestine, characterized by deteriorating infrastructure and productive capacity and growing food insecurity. The Palestinian Authority should be given the policy space to use fiscal, monetary, trade and exchange rate policies to serve its development demands.

26. The Board had addressed three overarching issues: the real danger that the MDGs could remain underachieved, the role of the State, and the need for a new, enhanced, coordinated and coherent multilateralism. Beyond creating special channels of financing, achievement of the MDGs should be mainstreamed into the overall development framework. As for the role of the State, the premise of an enabling State — one that would deal with market failures, but would also be proactive in development — should be recognized as the development paradigm moved forward. As private banks around the world were being nationalized with public money, serious thought should again be given to finding an appropriate mix between an enabling State and an effective social market. Lastly, multilateralism would not succeed if issues of global importance were discussed only by a small group and without the participation of new emerging economies and low-income countries that had high stakes in the future of development. Multilateralism also required a balance between rights and obligations. The current crisis had to be properly analysed in order

to draw lessons from it and make good use of the opportunity it presented.

27. **Mr. Alim** (Bangladesh) enquired about the issues that had caused the collapse of the Doha Round of negotiations in July, in addition to the special safeguard mechanism in agriculture. What stage had been reached in the negotiations and would participants soon be able to return to the negotiating table?

28. **Ms. Puri** (Acting Deputy Secretary-General of the United Nations Conference on Trade and Development) said that, as stated in the report of the Secretary-General on international trade and development (A/63/324), the issues being negotiated covered a number of areas, though the focus at the time of the collapse had been on issues relating to agriculture and non-agricultural market access. While the immediate cause of the collapse might have been disagreement over the special safeguard mechanism and its related policy space, a number of other issues had not been resolved; some had not even been discussed. Had the negotiations continued, they might have hit a hurdle later. However, progress had been made on some key issues and it was unfortunate that an agreement on those issues had not been finalized. Efforts had been centred less on reaching a comprehensive package than on building a critical mass of agreement around agriculture and non-agricultural market access to which other important issues could then be added.

29. **Mr. Bhattacharya** (President of the Trade and Development Board of the United Nations Conference on Trade and Development) said that it had not become apparent that the special safeguard mechanism would be so contentious until the mini-ministerial meeting was already in progress. In any event, there had been concerns that it might have meant going back on existing commitments. Technical solutions were in place, but political agreement on bound tariffs had not been reached. He agreed with Ms. Puri that other problematic substantive issues, such as cotton subsidies, preference erosion or quota creation, might have arisen later on in the negotiations.

30. The secondary problem had been the balance between the issue of agriculture and non-agricultural market access and the rest of the agenda. The services signalling conference held during the mini-ministerial meeting had been aimed at achieving a balance within a single undertaking; however, sectoral concerns with

regard to agriculture and non-agricultural market access and concern over the extent of market access for services had arisen.

31. The third problem related to the negotiating process itself. Countries had grouped into a set of concentric circles, with a small central group expecting to reach agreement and bring it to the broader group. As the Group of Eight (G-8) could not agree, everything had been thrown out, including matters that had been agreed. In rebuilding the negotiations, achievements should be consolidated and an adequate, inclusive and transparent process sensitive to ongoing global problems should be found.

32. **The Chairperson** invited the Committee to engage in a general discussion on the item.

33. **Ms. Greenaway** (Antigua and Barbuda), speaking on behalf of the Group of 77 and China, noted with interest Mr. Bhattacharya's statement that the refashioning of the global financial system must be a global effort under the umbrella of the United Nations and include the participation of all countries.

34. Export trade was an important source of financing for growth and development, in particular in the least developed countries, landlocked developing countries, countries emerging from conflict and countries in Africa, and it was vital to the achievement of the internationally agreed development goals, including the MDGs. The combined effect of the food, energy and financial crises made recession in 2009 a real possibility, rather than merely casting uncertainties over the world economy, as stated in the report of the Secretary-General (A/63/324, para. 2). Export trade growth in recent years had occurred in spite of — not as a result of — the current global rules for international trade. Unbalanced rules allowed developed countries to continue applying trade-distorting subsidies, especially within the agricultural sector, which hampered the agricultural export growth of the majority of developing countries. Non-tariff barriers and tariff peaks also remained in place.

35. The Group of 77 and China had agreed to a procedural resolution in the Second Committee under the item on trade and development, on the expectation of a robust result in the trade section of the Outcome of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus. It was essential to agree on how

the primary trade-related development objectives of the developing countries would be best realized.

36. The Group of 77 and China took note of the report of the twelfth session of UNCTAD and considered it to have been a very successful session, though unlike the tenth session in 2000, its success had not been sufficient to re-stimulate the Doha Round. Nevertheless, the Group welcomed its recommendations and looked forward to resources being made available for their implementation.

37. **Mr. Valenzuela** (European Community), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Bosnia and Herzegovina, Montenegro and Serbia; and, in addition, Armenia, the Republic of Moldova and Ukraine, said that openness to trade remained a strong engine for development, economic growth and poverty reduction. The European Union urged all Member States to approach the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus as an opportunity to reaffirm the importance of the Monterrey Consensus and to recognize the vital role of trade in supporting sustainable development. The European Union would pursue its efforts to ensure that trade benefits were shared among developed and developing countries alike, and encouraged the international community to do the same.

38. The foremost priority in trade policy was an ambitious, comprehensive and balanced outcome to the Doha Development Agenda negotiations that took into account the needs and interests of developing countries. There were numerous benefits to be reaped from the Doha Development Agenda in favour of development; on the other hand, the costs of failure or prolonged inaction would fall disproportionately on developing countries, especially the least developed countries.

39. While the latest Doha Development Round negotiations had resulted in some disappointment, the European Union remained committed to bringing modalities to a successful conclusion as quickly as possible. It therefore called on all participants in the negotiations to intensify their efforts to conclude the Doha Round quickly, and on the major players, including emerging economies, to demonstrate the

necessary political engagement and negotiating flexibility.

40. The European Union continued to work to ensure that trade contributed to development. In addition to enhancing the two-way substantial trade flows with developing countries, it recognized that regional integration among those countries was an important policy tool to improve their competitiveness in international markets by creating larger regional markets and improving the overall business environment. The European Union also continued to provide significant non-reciprocal trade preferences on an autonomous basis to developing countries, particularly through its Generalised System of Preferences scheme.

41. An important means of enhancing the positive effects of trade in developing countries' economies was the delivery of Aid for Trade. Such aid was clearly essential to help weaker and less competitive developing countries harness the full potential of trade and bring about economic growth, sustainable development and poverty reduction. Having launched its own Aid for Trade Strategy the previous year, the European Union remained committed to improving the quality and quantity of that mechanism and called on all other donors to take similar action.

42. **Mr. Alim** (Bangladesh), speaking on behalf of the least developed countries, which supported the statement made on behalf of the Group of 77 and China, said that the current world crises posed significant risks to development. Overcoming them would require appropriate policy responses; international trade could play a catalytic role in that regard.

43. While industrialized countries and some developing countries had enjoyed the benefits of integration into the international trading system, many others, especially the least developed countries, had not. It was crucial to take into account the needs of those countries in order to integrate them fully into the system. He called on the developed countries that had not already done so to provide immediate, predictable, duty-free and quota-free market access on a lasting basis to all products originating from the least developed countries, even before the conclusion of the Doha Development Round. A clearly defined time frame and procedure for achieving 100 per cent market access for those countries was crucial. A concrete

mechanism should also be established to review and monitor implementation of market access commitments, including simplified rules of origin.

44. The least developed countries were increasingly marginalized in South-South trade. He urged the developing countries to extend commercially meaningful duty-free and quota-free market access to least developed countries' exports and called for an early conclusion to the third round of negotiations under the Global System of Trade Preferences among Developing Countries. A successful conclusion to the Doha Development Round would require a concrete outcome in the negotiations on services. Special priority must be given to modes and sectors of export interest to the least developed countries. He called on the developed countries to liberalize their markets for service providers of the least developed countries under mode 4 of the General Agreement on Trade in Services. In addition, preference margins were being continuously eroded for the least developed countries. An effective mechanism should be established to mitigate the potential negative effects of sectoral tariff initiatives.

45. The elimination of trade barriers alone was not sufficient for the development of the least developed countries. Effective implementation of the Aid for Trade Initiative was also necessary, along with additional, non-conditional and predictable funding. It was critically important to scale up contributions to the Integrated Framework Trust Fund on a multi-year basis to allow all the least developed countries, including those landlocked, to enjoy its benefits.

46. The least developed countries needed full access to modern technology and know-how at an affordable price. The current international intellectual property regime tended to favour the producers and holders of intellectual property rights, who resided primarily in the developed countries. He called for a regime that would instead assist the least developed countries in achieving their goals. The Agreement on Trade-Related Aspects of Intellectual Property Rights should ensure mandatory disclosure of the source and origin of biological resources and associated traditional knowledge.

47. As a considerable number of least developed countries were not members, WTO should refrain from raising non-trade issues in relation to acceding countries. He called for a binding mechanism for the

fast-track accession of the least developed countries and urged WTO members to ensure the accession of those countries by requiring them to fulfil only those commitments that were commensurate with their level of development. Although the failure of Doha Development Round negotiations entailed significant opportunity costs, especially for the developing and least developed countries, there was no better alternative for achieving a fairer and well-functioning multilateral trading system; the negotiations must be reopened as soon as possible. The Doha Development Round offered a unique opportunity for mainstreaming development into the multilateral trading system. Strong political leadership, firm commitment and continued flexibility on the part of the key stakeholders would be key to completion of the negotiations.

48. **Mr. Wolfe** (Jamaica), speaking on behalf of the Caribbean Community (CARICOM), which aligned itself with the statement made on behalf of the Group of 77 and China, said that the confluence of world crises threatened to further marginalize small island developing States from effective integration into the global economy. Such integration could significantly bolster efforts by CARICOM countries to achieve sustainable development and realize internationally agreed development goals, including the MDGs.

49. He expressed concern over the recent collapse of negotiations at the WTO and called for a successful conclusion of the Doha Development Round, urging the major negotiating parties to demonstrate the flexibility and political will necessary to facilitate a successful outcome and also to renew their commitment to a multilateral trading system that promoted development and recognized the diversity in development level and size of economy. Persistent failure to conclude the Round was likely to further exacerbate the fragmentation of the international trading system.

50. The development dimension of the Doha Round should include enhanced market access in areas of export interest to the CARICOM region; recognition of asymmetries between developing and developed countries; sensitivity to adjustment concerns resulting from trade reforms and liberalization; and full support for and adoption of the proposals put forward by groups of small and vulnerable economies. Improved multilateral trading rules would enhance fairness. CARICOM countries could not be expected to make

concessions beyond their means in agriculture and non-agricultural market access negotiations.

51. Governments of CARICOM countries should be allowed adequate policy space to align the multilateral framework of rights and obligations under the WTO with the objectives of national development strategies. By virtue of the size of their economies, CARICOM countries lacked the level of competitiveness required to benefit from trade liberalization; possessed limited capacity to participate effectively in multilateral trade negotiations and therefore required trade-related technical assistance; and needed further international support in order to realize sustained gains from international trade. He therefore called for the full implementation of the Work Programme on Small Economies to address trade-related issues identified for the full integration of small and vulnerable economies into the multilateral trading system.

52. Developing countries, particularly small island developing States, had not received the expected economic dividends emanating from trade liberalization owing largely to domestic production structures often characterized by primary production and lack of diversification. It was especially important to address the issue of trade in primary commodities of interest to the Caribbean region as part of the Doha Round negotiations and he looked forward to a timely solution that would benefit all producers.

53. **Mr. McMahan** (United States of America) said that robust economic growth was needed to achieve and sustain the MDGs. In the midst of financial market uncertainty, rather than rely on protectionist measures, the world should send a clear signal that it remained committed to open markets and development by reducing barriers to trade across the globe. The United States remained committed to achieving a successful conclusion to the Doha Development Round negotiations. The linchpin to achieving such an outcome remained securing meaningful market access opportunities in agriculture, industrial goods and services. To generate the necessary economic growth, development and poverty alleviation, all key players in the global trading system — developed and developing countries alike — must make commitments that resulted in new trade flows, rather than new trade barriers. He also cautioned against the temptation to duplicate discussions taking place at WTO, which remained the appropriate forum for discussing trade issues.

54. **Mr. Liu Zhenmin** (China) said that the international community needed to step up its efforts to establish an international trading system conducive to development. Energizing the Doha Development Round negotiations and improving the multilateral trading system would not only cushion the impact of the financial crisis and boost the confidence of the international business community, but would assist the developing countries in overcoming current challenges. The Doha Round should focus on development, taking into account the level of development, resilience, and concerns of its developing members. The international community, for its part, should facilitate an early resumption of negotiations, so as to provide the needed impetus for revitalizing the world economy. Any stagnation of the Doha Round would undoubtedly give rise to more rampant protectionism, further aggravating the world economy. China would continue to play a constructive role in facilitating the resumption of negotiations and working towards a comprehensive and balanced outcome of the negotiations.

55. He called on all parties to make concerted efforts to implement the Accra Accord, reached at the twelfth session of the United Nations Conference on Trade and Development (UNCTAD), to further strengthen the three major pillars of UNCTAD and to improve the efficiency of UNCTAD at all levels, in order to allow it to play a greater role in the area of trade and development.

56. Since joining WTO, China had become one of the most open economies in the world, reduced its average tariff rate to 9.8 per cent and imported \$4 trillion worth of goods, promoting the development of global trade on the strength of its own growth. China would continue to enhance its win-win brand of economic and trade cooperation with other countries.

57. **Mr. Ibrahim** (Sudan) called for the adoption of a comprehensive set of development policies and initiatives to ensure the effective participation of all countries, especially the developing countries, in the international trading system with a view to attaining the internationally agreed development goals, including the Millennium Development Goals. The continuing and emerging crises in the world economy should be taken into account.

58. With the Follow-up International Conference on Financing for Development about to begin, all parties must assume their joint responsibilities. At the halfway

point, many countries, especially in Africa, still faced problems that would prevent them from attaining the Millennium Development Goals by the target date. The food and fuel crises and climate change had exacerbated the challenges, and international trading systems needed to come up with effective solutions in order to address the related urgent human needs. His delegation was very concerned by the failure of the informal “mini-ministerial meeting” convened by WTO in July 2008 to achieve a breakthrough with regard to reducing domestic support for agriculture in the developed countries. With world economic development in 2008 reported to be well below that of previous years, the slowing of the global economy and other new challenges were likely to hamper development and the eradication of poverty in the developing countries, further impeding the attainment of the Millennium Development Goals. The surge in agricultural prices, particularly the prices of basic foodstuffs, had created social, humanitarian and development challenges. Climate change was a further long-term humanitarian threat, especially for the developing countries as it led to exorbitant costs. The development partners therefore had to play a greater role in establishing a universal, rule-based, open, non-discriminatory and equitable multilateral trading system.

59. Agriculture was the leading sector of the Sudanese economy and accounted for 45 per cent of its gross domestic product (GDP) and 55 per cent of employment. The rural population was 65 per cent of the population of the country as a whole. That enabled the Sudanese economy better to integrate into the world economy in a context in which the Government of National Unity was striving to achieve sustainable development, to root out the causes of strife and to devote its efforts to reconstruction. It had been endeavouring since 1994 to meet the criteria for accession to WTO but had been unsuccessful, despite the adoption of General Assembly resolution 60/184, which had expressed concern at the lack of progress in negotiations of concern to developing countries which had led to missing deadlines provided in the decisions of the WTO General Council. He called on all WTO members to make greater efforts to facilitate the access of developing countries to that organization without conditionalities, particularly the least developed countries and post-conflict countries.

60. The achievement of fairness in international trade was a common objective based on common but

differentiated responsibilities. The developed States should put forward bold proposals which were consistent with their commitments to bring about progress in all aspects of the negotiations, especially the agricultural sector. A practical solution was needed to help developed countries meet all their commitments, to bring about a partnership for development, to ensure the access of developing countries to world markets, to promote transparency and fairness in international trade and to adopt practical modalities to facilitate the accession of developing countries to WTO. Capacity- and institution-building and the development of institutions should also be promoted in national development plans with a view to attaining sustainable development and achieving the development goals in a more flexible and efficient manner.

61. **Ms. Blum** (Colombia) said that trade indeed played a crucial role in consolidating the global partnership that would help achieve the Millennium Development Goals, as set out in the Secretary-General’s report (A/63/324). Trade was as important for development as assistance, financing, investment and technology. Her delegation was therefore concerned at the impasse in the Doha Round and remained committed to seeking an early and balanced outcome that could translate into improved access for export goods and services from developing countries.

62. The critical global economic situation further highlighted the importance of tackling the imbalances in the multilateral trading system. In order to address the world food problem, it was urgent to reduce the protectionist measures and agricultural subsidies of developed countries, as such distortions had discouraged investment and growth in the agriculture sectors of the developing world. Ensuring improved access for products from developing countries must be viewed as a fundamental part of international strategies to mitigate the impact of the financial crisis. In that respect, trade agreements, including interregional agreements, could play a key role.

63. The Follow-up International Conference on Financing for Development would be an opportunity to highlight the importance of trade liberalization as a key element of national development strategies, economic growth and job creation. In that connection, the draft outcome document of the Conference must address the obstacles to achieving the international trade objectives agreed in 2002.

64. **Ms. Zvereva** (Russian Federation) said that in the face of global upheaval and uncertainty about the prospects for international trade and development, the international community must resist the temptation to introduce more stringent rules of international trade and depart from agreed positions on liberalization. Multilateral trade negotiations should be continued in the context of the Doha Round and differences should be overcome in a spirit of compromise. The Russian Federation was committed to setting up a predictable and comprehensive multilateral trading system, and economic isolation was not an option. Her country would continue to work towards its accession to the WTO.

65. Drawing attention to the obstacles faced by developing and least developed countries in meeting the Millennium Development Goals, she said that the Russian Federation was committed to preserving the existing mandate of UNCTAD and adapting its work to the realities and practical needs of Member States. UNCTAD must continue to play a leading role and promote dialogue between developing and developed countries and various regional associations. UNCTAD could also make a significant contribution to the establishment of a more just economic order and enhance the participation of developing countries in international governance and decision-making.

66. **Mr. Natchiappan** (India) said that developing countries would benefit from trade only if the international trading regime was more equitable and development-oriented. Trade must link exports to employment generation and to the overall domestic economy in developing countries. Other crucial measures included supporting value addition in those countries rather than perpetuating their role as providers of raw materials, and eliminating restrictions on products of interest to them.

67. India was committed to moving the Doha Round towards a rapid and successful conclusion, and to remaining focused on its development dimension rather than perpetuating structural flaws in global trade, especially in agriculture. The Doha Round must be aimed at opening new markets for developing countries, especially in developed countries; creating new opportunities and economic growth for developing countries in all sectors, including industries and services; and lifting the least developed countries and vulnerable economies out of poverty. Attempts by developed countries to introduce restrictions, avoid

commitments or increase demands on developing countries in negotiating modalities ran counter to the spirit of the Doha Development Agenda.

68. It was imperative for progress to be made in agriculture negotiations, without compromising the livelihood security of subsistence and marginal farmers in the developing world or allowing commercial interests to come first. In that connection, he urged developed countries to adopt greater flexibility towards reducing and eliminating agricultural subsidies.

69. Industrial development and the services sector were other key components of the development agenda. Developed countries should ensure meaningful and effective market access in mode 4 of the General Agreement on Trade in Services, which would benefit both developing and developed countries.

70. Technology also had a crucial role to play in development efforts. A fairer intellectual property rights regime was needed to help transfer technology to developing countries at concessional and preferential rates, particularly in such sectors as public health and climate change technologies. In that connection, work on the development-related mandate within the Agreement on Trade-Related Aspects of Intellectual Property Rights should be accelerated. The international community must actively help developing countries, particularly the least developed countries and other vulnerable economies, to eliminate supply-side constraints in order to benefit from international trade opportunities. It was also necessary to operationalize Aid for Trade and address preference erosion issues.

71. India granted duty-free and preferential access to products from all least developed countries and assistance to numerous other developing countries, particularly in Africa, through its technical assistance programme. Such efforts from developing countries like India must be complemented by the requisite efforts by developed partners.

72. **Mr. Kyaw Moe Tun** (Myanmar) said that the uncertainties created by the financial, food and fuel crises and the breakdown in the Doha Development Round of negotiations could lead to a resurgence in protectionist measures, anti-globalization sentiment and greater dependency on bilateral and regional trade agreements. That jeopardized the emergence of an equitable and fair international trading system, and could undermine developing countries' development and poverty eradication prospects, as well as progress

towards achieving the Millennium Development Goals. An open, equitable, rule-based, predictable and non-discriminatory multilateral trading system would be possible only if WTO members demonstrated the necessary political will and flexibility to deliver the development promises of the Doha Round.

73. As the economies of developing countries tended to be limited to a few key products, a special safeguard mechanism, particularly in the agriculture sector, must be provided to enable developing countries to cope with external shocks and the reduction of trade-distorting subsidies and agricultural tariffs in developed countries must be urgently addressed in WTO negotiations.

74. Duty-free and quota-free market access to all products from least developed countries should be made operational even before the conclusion of the Doha Round. The Aid for Trade Initiative must also be operational, and the Integrated Framework for Trade-related Technical Assistance to Least Developed Countries needed adequate funding in order for those countries to benefit from it.

75. Domestically, Myanmar had been implementing market-oriented policies to promote economic growth and development, focusing on the promotion of the agriculture sector in order to foster rural development and food security, in particular through paddy cultivation. Encouragement of the private sector, border trade and the expansion of South-South trade had led to an increase in the country's export volume.

76. Meeting the Millennium Development Goals required a holistic approach to development. Development policies and initiatives and a global partnership in trade, aid, finance, investment and technology should empower developing countries to own their development schemes, and a substantial increase in international support, in terms of both political will and action, was needed in order to revitalize the impasse in WTO negotiations.

77. **Mr. Iziraren** (Morocco) warned that the failed WTO negotiations and multiplication of regional trade agreements could imperil the future and credibility of the multilateral trade system. The development dimension must remain at the heart of the Doha Round of negotiations in order to achieve balanced results that took into account the interests of all countries, in particular the developing countries. WTO negotiations should address such issues as agricultural subsidies,

intellectual property and non-tariff barriers and take into account the capacity of developing countries to implement new trade commitment. Special and differential treatment must remain an integral part of the multilateral trading system in order to enable developing countries, in particular the most economically vulnerable, to fulfil their commitments and facilitate their integration in world trade.

78. The food crisis had highlighted the primacy of the agricultural sector in the economies of developing countries, and its crucial role in combating poverty and famine. Global warming, low rainfall levels and agricultural subsidies in industrialized countries had led to the deterioration of local crops in the poorest countries and increased their dependency on food imports. WTO negotiations must take that into account.

79. Assistance to the developing countries, particularly through the Aid for Trade Initiative, had thus far proved to be inadequate. Those countries needed help in building their economic and trade capacities in order to fulfil their liberalization commitments and address adjustment costs. Moreover, additional financial resources should be allocated to the Aid for Trade Initiative.

80. **Mr. Metelitsa** (Belarus) welcomed the proposal to remove trade barriers put forward at the twelfth session of UNCTAD. Consultative and technical assistance to middle-income countries must be continued on the basis of those countries' real needs in attempting to reform specific sectors of their economies. The Bretton Woods institutions and WTO must establish more equitable conditions for membership, taking into account each country's trade and financial requirements. Indeed, any reform of the international financial system must give middle-income countries a greater voice in the decision-making process in the Bretton Woods institutions.

The meeting rose at 12.55 p.m.