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Chairperson: Mr. García González (Vice-Chairperson) (El Salvador)

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In the absence of Mr. Park In-kook (Republic of Korea), Mr. García González (El Salvador), Vice-Chairperson, took the Chair.

The meeting was called to order at 10.15 a.m.

Agenda item 51: Macroeconomic policy questions
(continued)

(a) International trade and development (A/64/15
(Parts I-IV), A/64/177 and A/64/179)

1. **Mr. Panitchpakdi** (Secretary-General of the United Nations Conference on Trade and Development (UNCTAD)), introducing the report of the Secretary-General on international trade and development (A/64/177), said that while there had recently been the first signs of a recovery from the multiple crises affecting the world, caution was in order, particularly as to what it meant for developing countries. Much of the evidence for recovery came from the financial sector; in the real economy, the rebound was sluggish and might well be jobless, as it took longer for labour markets to adjust to output changes.

2. The global financial and economic crisis had not only reversed progress towards achievement of the Millennium Development Goals (MDGs), but had also highlighted several challenges with regard to commodity prices and the cost of energy. The fragmented nature of global governance thus called for a new coordinated structure with greater representation of all nations, such as that offered by the proposed Group of 192 (G-192). The United Nations had a strong role to play in developing such a structure, alongside the Bretton Woods institutions.

3. Despite some stabilization of international trade, trade recovery also remained weak; global trade had been hurt by continuing negative growth of individual economies and by shortages in trade finance. Moreover, the rapid contagion of export contraction across countries had particularly affected some income-sensitive services, such as tourism, transport and construction, which accounted for a sizeable share of developing country exports. The drop in export revenues combined with declining inflows of capital from foreign direct investment (FDI), remittances and official development assistance (ODA) could well lead to another debt crisis for developing countries.

4. The crisis had challenged the development paradigm anchored in export-led growth and

highlighted the need for developing-country economies to be less vulnerable to trade shocks. That called for measures to improve productivity and competitiveness along with greater diversification, both of production and of markets, including through enhanced regional and South-South integration and cooperation. Developing countries also needed to be protected against the discrimination they suffered under measures taken by developed countries to support their domestic industries, which they themselves could not match.

5. The multilateral trading system must be made more efficient, equitable and sustainable. Following several long rounds of negotiation, it was now time to stabilize that system and take steps to avoid the risk of non-implementation and disputes. A more cooperative system would be preferable to the current dispute settlement system, no matter how successful, if it ensured that countries had the capacity and time to implement their commitments. Increased bilateral and multilateral aid for trade would help to expedite the process, while a successful conclusion to the Doha Round would be a clear signal that countries were committed to multilateralism, following a crisis caused partly by a lack of international regulation. Members of the World Trade Organization (WTO) might therefore consider the possibility of agreeing on some issues before others, namely those that would deliver tangible development gains to developing countries. Delaying a conclusion to the Round could result in increasing numbers of regional agreements, which were not always in their interests.

6. A further major post-crisis challenge was to ensure that WTO had adequate scope to encompass non-trade issues, ranging from commodity prices and exchange rates to rules on labour and the environment. Moreover, the root causes of the crisis had to be addressed with a view to more balanced, sustainable and inclusive development; development models and strategies must be carefully reassessed; and the role of government vis-à-vis the market needed to be redefined. The United Nations should play a leading role in that effort.

7. **Mr. Feyder** (President of the Trade and Development Board of the United Nations Conference on Trade and Development) introduced the reports of the Trade and Development Board (A/64/15, Parts I-IV) and referred, in particular, to the deliberations of the Board at its fifty-sixth session

(Part IV). At that session, there had been a consensus that developing countries, especially the poorest, had been the hardest hit by the current crisis which, being global, required a global response. The voting and representation procedures, as well as the aims and effectiveness of the international financial and monetary system were in need of in-depth reform. Reforms should relate to governance of the International Monetary Fund (IMF) itself and the role and allocation of special drawing rights (SDRs). Better international macroeconomic coordination and an impartial, open and fair trading system would be equally vital.

8. Efforts to combat climate change did not have to be detrimental to development. Developing countries were the least to blame for climate change, but they often suffered most from its consequences; in order to fight it, they required much more financial and technological support from developed countries.

9. Discussions had also focused on the vulnerabilities of the economic structures of many developing countries and the increased need to address them in view of the impact of the crisis on international trade. Participants had stressed the importance of a swift conclusion to the Doha Round negotiations, while noting the difficulties of the WTO accession process for developing countries. UNCTAD had been encouraged to promote trade policies aimed at strengthening their productive capacities and bolstering South-South cooperation, and to continue to analyse the impacts of the crisis on trade and development.

10. The Board had endorsed the view of the UNCTAD secretariat that transnational corporations could play a greater role in modernizing the agricultural sector in developing countries. In that connection, he noted the much-praised Japanese initiative to promote responsible international investment in agriculture and the quality of UNCTAD activities to follow up the recommendations of the Group of Twenty (G-20) Summit.

11. The Board had also discussed and approved UNCTAD communication policy and reviewed its technical cooperation activities, particularly in support of the Palestinian people with a view to the creation of a Palestinian State. The UNCTAD Secretariat had been requested to assist the Palestinian Authority in obtaining observer status with, and subsequently

joining, WTO, as a prerequisite for it to attract investments for private-sector development.

12. UNCTAD must remain a key partner of the least developed countries and continue to help them to analyse problems and develop alternative policies. Food security was a priority for those countries and their efforts to achieve it should be supported by the international community. The Board had also recognized the high importance of including regional integration in countries' long-term development strategies, notably in Africa, with emphasis on dialogue at the regional level. In that spirit, the Board had asked UNCTAD to prepare a feasibility report on an Internet network linking up the various African regional economic communities.

13. The fifty-sixth session had clearly demonstrated the quality of UNCTAD reports, which could be expected to increase its influence worldwide; they had helped to set a process in motion that was far from finished. In that context, the Board had a part to play in the policy debate triggered by the crisis. Given that market fundamentalism had proved to be a dead end, it was now up to the Governments of crisis-ridden developing countries to reflect on macroeconomic policy and regulatory measures needed to advance development; the degree of priority to be given to agriculture; the reconstruction of the agricultural sector and accompanying trade policy; possible new approaches to industrial policy; and regional integration in a globalized world.

14. **Ms. Cortez** (Chief, Committee for Development Policy Secretariat, Department of Economic and Social Affairs) introduced the report of the Secretary-General on unilateral economic measures as a means of political and economic coercion against developing countries (A/64/179).

15. **Mr. Gotta** (Ethiopia) said that the three pillars of UNCTAD activities were research and development, consensus-building and capacity-building, including technical assistance. He called on UNCTAD to continue its valuable work and to inform other partners accordingly, in particular WTO and the Bretton Woods institutions.

16. **Mr. Almeida** (Brazil) said that the development of rules by WTO on such issues as commodity prices, exchange rates, environmental standards and labour conditions would expand its mandate considerably and, in the light of past experience, could create additional

difficulties for the conclusion of the Doha Round. He would appreciate clarification in that regard. If the current system was unwieldy, that was because certain mechanisms needed to be updated.

17. **Mr. Khan** (Pakistan) echoed the previous speaker's concerns, which reflected the old debate about the choice between overloading one institution or giving greater coherence to the system. The length of the Doha Round negotiations, now in their ninth year, was unsurpassed in the history of international trade negotiations; that was perhaps a result of overloading WTO. On the question of trade financing, he asked whether UNCTAD considered that it had a role to play in achieving better coordination with IMF and the World Bank and, in particular, whether it had activated or envisaged a coordinating mechanism in order to ensure assistance and guidance for countries without access to external markets.

18. **Mr. Murakami** (Japan) said that his delegation had often been critical of UNCTAD reports in the past but fully supported the current report on international trade and development (A/64/177), perhaps because Japan had itself been through difficult times of late. In view of Mr. Panitchpakdi's remarks concerning the need for a reassessment of development models and strategies, he wished to know what kind of reassessment was contemplated and whether there was room for some possible third way of development. He also wondered how UNCTAD might be able to contribute to follow-up on Japan's agriculture initiative for developing countries.

19. **Mr. Aluteni** (Namibia) asked how the contribution of transnational corporations to food security in the developing world would affect small-scale farmers and the affordability of food for the poor.

20. **Mr. Panitchpakdi** (Secretary-General of the United Nations Conference on Trade and Development), responding to the representative of Brazil, said that new issues, relating in particular to trade and environment, had indeed raised the question of a broader mandate for WTO. That would require careful consideration. He himself thought that it might prove advisable for WTO to remain within the limits of its core mandate.

21. He concurred with the representative of Pakistan on the need for stronger coordination. UNCTAD held regular consultations with other United Nations system entities and the Organization for Economic

Cooperation and Development, with which it had developed a closer working relationship in the context of the crisis. UNCTAD must keep track of any restrictions to normal flows of trade, including protectionist measures and be able to represent the United Nations system in discussions with the Bretton Woods institutions on the reform of the international financial architecture.

22. Responding to the representative of Japan, he said that the old paradigm had indeed proved inadequate, especially in regard to the role of the State and market mechanisms; it had allowed the financial system to serve its own purposes and not those of economic development. He stressed the need to balance external and domestic demand and to beware of excessive dependence on external markets. Considering the number of mistakes made in the name of financial liberalization, speculative movements — which resulted in huge swings in the prices of commodities, energy and food — must be prevented. Global governance was the answer, perhaps through the proposed G-192 formation; it would affect all international organizations.

23. In reply to the question on transnational corporations posed by the representative of Namibia, he said that the UNCTAD World Investment Report 2009 stressed the importance of greater private-sector involvement in development, with particular reference to transnational corporations. Appropriate agreements had to be drawn up between the host country and the participating transnational corporation, taking into account the risks of land grabbing.

24. **Mr. Feyder** (President of the Trade and Development Board of the United Nations Conference on Trade and Development) emphasized the current relevance of the issue of transnational corporations, in view of their possible contribution to enhanced food security. UNCTAD was hoping to receive a report on the subject, following further discussions on the sidelines of the current session of the General Assembly, and would be willing to play a part in advancing the discussions. Japan was to be commended for its efforts to address the problems faced by developing countries, particularly in regard to transparency concerns, the rights of small-scale farmers and food security; the involvement of other actors, notably the Food and Agriculture Organization of the United Nations (FAO), would also be valuable.

25. Reverting to the question raised by the representative of Namibia, he said that it was the first time that UNCTAD had focused on agriculture, which called for investments both upstream and downstream from production. However, the question of how to increase the productivity of small-scale farmers also had to be addressed, particularly in the context of the MDGs, as well as that of the kinds of trade policy required to achieve agricultural development, especially in the least developed countries.

26. **Mr. Ousseïn** (Comoros) asked whether the most vulnerable countries could benefit from special and differential treatment under WTO rules.

27. **Mr. Feyder** (President of the Trade and Development Board of the United Nations Conference on Trade and Development) said that, under article XXIV of the General Agreement on Tariffs and Trade, members of WTO could enter into agreements with one another outside WTO rules. At the current stage in the Doha Round, bilateral trade negotiations were thus all the more important, particularly for the least developed countries. It was true, however, that the principle of differential treatment, as expressed therein, lacked clarity and that the least developed countries were right in seeking to have the matter settled once and for all.

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

29. **Ms. Osman** (Sudan), speaking on behalf of the Group of 77 and China, said that trade had a critical role to play in promoting growth and development and should be encouraged; export trade, in particular, offered developing countries a sustainable means of combating the current crisis. The successful conclusion of the Doha Round had become a matter of even greater urgency, in order to achieve a universal, rule-based, open, non-discriminatory and equitable multilateral trading system, taking into account the vital interests of developing countries.

30. The Group of 77 and China stressed the need for a speedy, creative effort to resolve the deadlock, while calling on developed countries to refrain from protectionist measures. There was a compelling case for fast-tracking the implementation of the long-standing international commitment to make trade a real instrument of growth and development. Key benchmarks for a development-oriented outcome of the Doha Round were liberalization of the agriculture sector; a modified tariff and non-tariff structure for

enhanced market access; differential treatment for developing countries; and protection of weaker countries against the negative effects of trade liberalization.

31. In conclusion, she said that the Group of 77 and China appreciated the important role of UNCTAD in advancing the goals of fair and open trade, including as a focal point within the United Nations system for related matters, and called once more for easier accession to WTO for all candidate developing countries. She also expressed concern at the imposition of coercive economic measures, including unilateral sanctions against developing countries.

32. **Ms. Spatalisano** (European Commission), speaking on behalf of the European Union; the candidate countries Croatia and the former Yugoslav Republic of Macedonia; 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 the crisis had exposed the vulnerability of many developing countries and revealed the need for them to diversify their economies, in terms not only of exports and products but also of the range of their trading partners. It was therefore important to promote South-South trade and regional integration.

33. The crisis, however, had not been triggered by trade and no new paradigm was called for in respect of its role. It was a prerogative of individual Governments to regulate domestic markets as they saw fit; members of WTO had discretion and policy space to do so, subject to basic WTO rules. The goal of food security for food-importing countries was unrealistic: efforts should be made, rather, to improve the functioning of markets and avoid excessive price fluctuation. Careful, progressive liberalization and integration of export-dependent countries into global markets would continue to be the key to all successful development strategies.

34. The immediate imperative was to resist protectionist pressures so as to prevent the economy from sliding even further backwards; such efforts would not suffice, however, to bring about recovery. Successful conclusion of the Doha Round would be the best insurance against protectionism and would also offer the sign of confidence needed to boost the world economy. The development dimension of the Doha Development Agenda must not be downplayed in the

process; the negotiating package currently on the table thus provided a very significant outcome for the poorest countries, including duty-free and quota-free market access for the least developed among them. The European Union had since the beginning of October 2009 been offering those countries such access for all products with the exception of arms and ammunition and called on other countries to follow its example.

35. **Mr. Hackett** (Barbados), speaking on behalf of the Caribbean Community (CARICOM), expressed support for the statement made on behalf of the Group of 77 and China and said that the global, financial and economic crisis had had a significant negative impact on developing countries, such as the small CARICOM countries, with small, open and predominantly service-based economies. The tourism sector, which was the principal source of foreign exchange and the largest employer in most CARICOM economies, had been particularly hard hit, resulting in rising unemployment and setting back the achievement of internationally agreed development goals.

36. CARICOM recognized the critical need to revive the Doha Development Round negotiations, and welcomed the recent commitment by the Group of Twenty (G-20) at its summit in Pittsburgh to bring the Doha Round to a successful conclusion in 2010. Trade was an important factor in the financing of development, and trade rules needed to take into account the vulnerabilities and development needs of developing countries. That was especially true for small, vulnerable economies, which were unable to respond satisfactorily to external shocks, such as the global financial crisis and climate change. He called on WTO members to support the Doha mandate to examine issues related to the trade of small economies and to frame action-oriented responses to those issues in order to facilitate the fuller integration of small, vulnerable economies into the multilateral trading system. In order to create a just and fair trade system, the international community must develop rules which accommodated the interests of small, vulnerable economies and enabled them to derive meaningful benefits from the multilateral trading system.

37. CARICOM and other like-minded countries wished to propose that the WTO work programme on small economies should incorporate existing trade preference arrangements for exports from small economies; facilitate investment flows into those economies through long-term preferential investment

facilities developed by regional and multilateral financial institutions; address negotiation of enhanced flexibility in the use of fisheries subsidies by small vulnerable economies and ensure that contributions by small economies in the area of market access for agriculture and non-agricultural market access and services would be commensurate with their limited capacity.

38. CARICOM fully supported the Aid for Trade initiative, from which it hoped to secure a fair share of resources in order to address preference erosion challenges with regard to some of its major export products, including bananas, sugar, rum, rice and textiles. Enhanced competitiveness and the building of trade infrastructure were urgent priorities for CARICOM.

39. CARICOM strictly opposed the use of protectionist policies, particularly during the current financial and economic crisis. It agreed with the main conclusion in the report of the Secretary-General on the need for the global governance system, including the multilateral trading system, to provide a coherent paradigm to comprehensively address global crises and promote development and the role that the United Nations must play in that effort (A/64/177, para. 62). Special and differential treatment for developing countries, with emphasis on the special needs of small, vulnerable developing country economies, would be crucial to that end.

40. **Mr. Ntwaagae** (Botswana), speaking on behalf of certain States members of the Southern African Development Community (SADC), namely, Angola, the Democratic Republic of the Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, the United Republic of Tanzania, Zambia, Zimbabwe and Botswana, his own country, said that SADC associated itself with the statements made on behalf of the Group of 77 and China, the Group of Least Developed Countries and CARICOM. He noted the importance of trade, particularly its export component, for economic growth and development in the developing world, and for achieving sustainable development in the SADC subregion. The inequitable international trading system, however, impeded sustainable development and trade-led growth in those countries, and marginalized them from the globalization process. For trade to benefit developing countries, the realities and imbalances in levels of industrialization and

development must be addressed and an enabling environment for trade and development cultivated and facilitated through national, regional and international policies and institutional mechanisms. For SADC, ensuring equity in the international trading system was an urgent priority.

41. The significant increase in the trade deficit of SADC had serious implications for development, as it had a negative impact on economic diversification and Government revenues, slowed down economic growth and aggravated poverty and unemployment in the subregion. Furthermore, inequitable trade rules, which allowed trade-distorting subsidies, particularly in the agricultural sector of developed countries, continued to hinder growth in the SADC region. SADC thus called for the resumption and successful and timely conclusion of the Doha Development Round, and urged the application of corrective measures to address the issues of non-tariff barriers and tariff peaks and escalation. Lack of progress in those areas would have consequences for SADC members already feeling the effects of the food, energy and financial crises and natural disasters and climate change. In that connection, he stressed the fact that SADC members represented all categories of vulnerable countries — least developed countries, landlocked developing countries, middle-income countries and countries emerging from conflict. Even though SADC was unable to fully benefit from the opportunities provided by the international trading system, it had established a Free Trade Area in August 2008 and planned to establish its own customs union.

42. SADC welcomed United Nations efforts to assist Africa in achieving the MDGs and noted with appreciation General Assembly resolution 61/51 on cooperation between the United Nations and SADC, which called upon the international community to support the efforts of SADC in capacity-building and in addressing the new challenges, opportunities and consequences presented to the economies in the region arising from the process of globalization and liberalization. He also welcomed the support from the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States in promoting the implementation of the Almaty Programme of Action, and urged the international community to scale up resources for initiatives such as Aid for Trade.

43. **Mr. Sharma** (Nepal), speaking on behalf of the Group of Least Developed Countries, said that global macroeconomic imbalances had played a significant role in precipitating the global financial and economic crisis, and least developed countries were grappling with declining gross domestic products (GDPs) and trade volumes, export contraction, fluctuating food prices and a downturn in tourism and remittance inflows. The economic stability and import bills of those countries had also been affected by recent fluctuations in energy prices.

44. Least developed countries must become more resilient to external trade shocks, especially in light of their declining comparative advantage for exports, the rising costs of imports and their difficulties in integrating into the global financial and trading system. Lower export revenue and inflows of capital and higher loan premiums would exacerbate the already tight balance of payments of least developed countries. Foreign direct investment (FDI) and ODA continued to decline and the possibility of a severe debt crisis loomed. Although many least developed countries had successfully implemented export-led growth strategies, they had also been victims of shrinking international trade. Unless domestic demand was bolstered in least developed countries and developing countries had greater market access their national outputs and income would likely continue to drop.

45. Least developed countries were concerned over the continued deadlock in the Doha Development Agenda and the new waves of protectionism being built into the inward-looking stimulus packages being adopted as a response to the global financial and economic crisis. Given the exceptional vulnerabilities of least developed countries, developed countries should immediately fulfil their pledges of development aid, duty-free access to their products, aid for trade, debt-relief packages and other capacity-building measures in line with agreed international compacts and commitments, including those set out in the Monterrey Consensus. Without those resources, least developed countries could not fight poverty, hunger, illiteracy and disease.

46. The competitiveness and productivity of the least developed countries should be improved and diversified into dynamic new products and services, and new areas of comparative advantages and modern tradable activities should be encouraged to generate greater value added, “forward and backward linkages”,

dissemination of technology and capital formation. The outcome of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus and that of the Conference on the World Financial and Economic Crisis and Its Impact on Development should be properly implemented and monitored through a result- and action-oriented process both within and outside the United Nations.

47. **Mr. González Segura** (Mexico), speaking on behalf of the Rio Group, said that the dire economic and financial situation threatened to reverse progress towards development and attainment of the MDGs and in many cases had already done so. The Latin American and Caribbean region had been hard hit by the contraction of international trade and a drop in tourism revenues and remittances. Most job cuts in the region had occurred in export-oriented activities. To respond to those challenges and to credit contraction, the Latin American and Caribbean countries had undertaken joint initiatives to increase trade finance.

48. Trade expansion and a trading system in which developed countries opened their markets to developing countries on a fair, equitable and competitive basis and fully honoured the principle of special and differential treatment would be key to dealing with the impact of the crisis and to improve living conditions through an increase in exports and investment, job creation and the dissemination of technology. With regard to migration, she said that labour was the only factor of production that had not been liberalized; that made international trade all the more important as a means of boosting capital flows and financing for developing countries, and of safeguarding the achievements of developing countries. Open markets would be vital to that end. He therefore expressed concern at the resurgence of protectionism, particularly measures which could affect Rio Group countries' efforts to counter the negative effects of the crisis.

49. The damaging effects of the economic and financial crisis, which had originated in developed countries, must not be transferred to developing countries, particularly the most vulnerable ones. In that respect, developing countries had a legitimate right to use safeguard mechanisms to protect their domestic production, in line with the relevant WTO provisions. As the multilateral trading system could play an important role in revitalizing trade as an engine for

growth and development, a prompt and satisfactory conclusion of the Doha Round was crucial. Trade-distorting practices, particularly developed countries' export subsidies for their agricultural products must be fully eliminated. Developed countries should also effectively reduce the subsidies they gave to their agricultural producers.

50. **Mr. Almeida** (Brazil) said that although the world economy seemed to be turning around, trade finance, particularly to developing countries, had not yet fully recovered. In that context, an early conclusion, before 2010, of the Doha Round would provide much-needed impetus to international markets, helping to consolidate recovery and lay the foundation for sustained growth. It could also yield a double dividend in the form of a stimulus package and much-needed structural reform. Although the harsh protectionist policies adopted during the Great Depression had been avoided thus far, recovery must be fully consolidated to avoid a relapse of protectionism. That called not only for political commitment, but also for adequate monitoring and transparency measures to enforce multilateral trade rules. In that regard, he drew attention to the important contribution of the joint report of the Organization for Economic Cooperation and Development (OECD), WTO and UNCTAD on the monitoring of trade-related measures adopted during the crisis.

51. There was growing consensus that much of the reduction in trade flows had been caused by restricted access to trade finance. Additional resources had been mobilized by export credit agencies and trade finance facilitation programmes of multilateral agencies, such as through the World Bank's Global Trade Liquidity Program, but there was still ample room for improvement.

52. Brazil was fully committed to an ambitious and balanced outcome of the Doha Development Round, welcomed the recent initiative to revitalize it, and considered agriculture as the key issue for the WTO negotiations, given its importance in most developing countries' economies. The elimination of agricultural export subsidies, a substantial reduction in domestic measures of support by developed countries and enhanced market access would be the most significant contribution developed countries could make to promote development. The international community must seize the opportunity provided by the upcoming WTO Ministerial Conference in Geneva to overcome

entrenched positions and build momentum to achieve a successful conclusion of the Round. All WTO Members must step up their efforts and accelerate their pace to that end.

53. However, it was encouraging that the G-20 Leaders' Statement adopted in Pittsburgh referred to the multilateral trade negotiations, the G-20 was not the negotiating forum for trade; its deliberations must thus translate into decisions within the framework of the multilateral process in Geneva. Negotiations should build upon progress already made, particularly with regard to modalities, and focus on the agreed work programme on agriculture, non-agricultural market access, services, rules, trade facilitation and other outstanding issues. The upcoming WTO Ministerial Conference should not be structured around the Doha negotiating process, but rather provide the necessary policy guidance and direction.

54. **Ms. Blum** (Colombia) said that the global financial and economic crisis tested Member States' capacity and their commitment to ensuring a transparent, open, fair and rule-based multilateral trading system. They must take into account not only the repercussions of the crisis, but also the need to promote alternatives in order to prevent any further deterioration in trade flows between various countries and regions. They must also acknowledge the crucial role of trade in strengthening global partnership with a view to achieving the MDGs. In order to strengthen the world trade system and improve the regulation of that system, as noted in the UNCTAD report, care should be taken to ensure that regulatory reform did not adversely affect States' trade and productive activities.

55. As trade was a driving force for economic growth and development, the international trading system should be geared to developing countries' needs, and effective action must be taken to counter the devastating effects of the crisis. Improved market access for products from developing countries would be key; thus, protectionist measures that hampered development and poverty alleviation continued to give cause for concern. She called for stepped-up efforts and a spirit of compromise in order to achieve a successful conclusion of the Doha Development Round. In that connection, she stressed the importance of improved market access for developing countries' goods and services, especially for agricultural products, and for a substantial reduction in production subsidies for the latter in developed countries.

Effective multilateral action and management were necessary to create conditions conducive to the efficient functioning of global markets.

56. **Mr. Glucksman** (United States of America) said that against the backdrop of a precipitous drop in trade that had taken its toll on many countries and vulnerable populations, the Committee should seek to strengthen the enabling environment for international trade and hasten the return to inclusive prosperity and growth. The international community had demonstrated unity, maturity and confidence in the benefits of the international trade regime and had resisted pressures to slip into the protectionist ways of the past. Trade was stabilizing and showing the first signs of a rebound, and the World Bank predicted that international trade would grow by nearly 4 per cent the following year, due in no small part to nations' continuing commitment to maintain free and open trading relationships. History would prove that during the current difficult economic times, countries were correct to hold firm to their commitments to internationalism.

57. The outcome of the Committee's current session must support and build upon the turnaround and evolving recovery in trade. The mutual gains from trade had long been well-established. Effective trade led to increases in national production and incomes. At the Pittsburgh Summit, G-20 leaders had reaffirmed their commitment to fight protectionism and bring the Doha Round negotiations to a successful conclusion. Member States must continue to work together to reinvigorate the multilateral trade agenda and reach an ambitious, balanced agreement on the Doha Round.

58. **Mr. Murakami** (Japan) said that his country had been among the most severely affected by the global financial crisis, as it had suffered a 43 per cent drop in trade in the first quarter of 2009. In that context, Japan was committed to the fight against protectionism. Particularly important in that regard was maintaining a monitoring mechanism to prevent the raising of barriers to investment or trade. Japan called for all relevant trade measures to be notified to the WTO, and requested that WTO, OECD, the International Monetary Fund (IMF) and UNCTAD continue to monitor the situation. Japan would fully engage in the negotiations towards a successful conclusion of the Doha Development Round negotiations.

59. Japan knew from experience that free trade could be a strong engine for development, economic growth

and poverty reduction; indeed, sustained growth was a priority objective of its ODA, and it had carried out many projects aimed at trade and investment development, providing technical assistance or support for infrastructure development. Japan strongly supported the Aid for Trade initiative, as demonstrated through its Development Initiative for Trade 2009, through which it would provide \$12 billion in bilateral assistance for trade-related projects from 2009 to 2011 and technical assistance for 40,000 persons involved in trade-related activities.

60. Japan recognized the importance of preferential treatment for least developed countries and provided duty-free and quota-free treatment for 99 per cent of the products from those countries on a trade volume basis, and would be initiating an overall review of its generalized system of preferences. Japan contributed approximately \$90 billion a year to support trade finance, and planned to contribute up to an additional \$22 billion over the next two years. Every country needed to shoulder responsibility towards reviving the world economy and making trade work as an engine for growth. The United Nations must send a unified message that it would make every effort to achieve that goal. He hoped that the Committee's draft resolution on international trade and development could be adopted by consensus.

61. **Mr. Zhang** Shaogang (China) said that protectionism had been gathering force, making it more difficult for developing countries, particularly the least developed countries, to participate in international trade. The international community should thus be more resolute in opposing all forms of trade protectionism and work harder to create an international trading system favourable to development. He urged the international community to implement the consensus reached at the United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development and firmly oppose all forms of trade protectionism; major economies should set an example in that regard. It must also actively promote the Doha Round negotiations, making sure to stay focused on the Round's development aspect, and work towards its successful conclusion by 2010.

62. The international community must also work to increase financing resources, lower financing costs and develop innovative ways of financing, in particular for small and medium-sized enterprises and the least

developed countries. It must show resolve in combating speculation on the commodities market, promptly establish a fair and reasonable trade order for commodities, provide greater market access for exports from the least developed countries and help enhance their capacity to take full advantage of trade preferences.

63. Lastly, the work of UNCTAD must be strengthened. UNCTAD must make full use of its comparative advantage and strengthen its three functions in order to further contribute to the trade for development endeavour of developing countries. China was committed to the establishment of an open, fair, equitable and non-discriminatory international trade system and opposed all forms of trade protectionism.

64. **Ms. Kang** (Republic of Korea) said that international trade had been the driving force behind her country's economic development since 1960. The Republic of Korea, which had opened its markets to foreign competition as a matter of survival, was committed to engaging in trade on a level playing field with its global trade partners.

65. Highly trade-dependent countries such as her own had been more vulnerable to the dramatic decline in global trade caused by the global financial crisis. Her Government had cautioned against protectionism, including at the G-20 summit meetings. Notwithstanding the G-20 leaders' commitment to a standstill of new barriers to trade and investment — which, as indicated in the joint report of UNCTAD, WTO and OECD, had some measure of success — and of WTO efforts to keep protectionism at bay by closely monitoring and reporting protectionist tendencies in the world trade measures in the form of non-tariff barriers, especially trade remedy measures, had been on the rise (A/64/177, para. 39). The international community must therefore reaffirm its commitment not to raise new barriers to trade and investment, in accordance with the Declaration issued by the G-20 leaders at their Summit on Financial Markets and the World Economy, held in November 2008. Growing financial protectionism was aggravating the credit crunch and financial instability of developing economies; it was thus necessary to minimize the negative impact of domestic emergency measures, including fiscal action in support of the financial sector, on global trade and investment. An ambitious and balanced conclusion of Doha Round negotiations by 2010 would be the most effective way to control

protectionist pressures. To that end, the Republic of Korea was committed to building on the progress already made, including with regard to modalities.

66. **Mr. Cuello Camilo** (Dominican Republic) said that the global financial and economic crisis had caused a drop in the Dominican Republic's exports, imports and foreign trade. He noted, however, that the service sector had shown resistance during the crisis, with continued growth in tourism in particular, albeit at a slower pace than prior to the crisis. Overall, however, the country had experienced slower GDP growth. As a result, the taxes which needed to be collected in order to increase public spending and compensate for the decline in foreign trade, had fallen by 10 per cent.

67. Lower tax revenues meant that developing countries such as his lacked the resources needed to expand their domestic markets in response to the crisis and needed to turn to the international community and particularly, international financial institutions for help. It was therefore regrettable that G-20 pledges to make more resources available to international bodies and for development financing had not been fulfilled. In fact, financing would have to be double the amount provided in 2008 in order to overcome the effects of the crisis by, inter alia, expanding domestic markets, and achieve the MDGs on time.

68. Regional trade would also need to be expanded in those countries that had achieved some degree of integration with developed countries in the framework of free trade agreements. That would require revising discriminatory rules of origin and doing away with protectionist measures which impeded those countries from exporting their products during the current crisis. Furthermore, multilateralism must be strengthened in line with the provisions of WTO; gaps in WTO dispute settlement mechanism and appellate body should also be addressed.

69. Least developed countries must be able to increase their exports and market access under the "Everything But Arms" initiative and other mechanisms. In addition, those countries must be able to add value to their export products. To that end, he called for the reduction or elimination of tariff escalation in developed country markets and measures to eliminate domestic support to agriculture, particularly in developed countries. Lastly, WTO negotiations on national oversight must focus on introducing effective new regulations in the services sector, where the crisis had begun.

70. **Mr. Fazal** (Singapore) said that his country had remained steadfast in its commitment to upholding and strengthening the rule-based multilateral trading system. It rejected protectionism in all its forms and believed it was in the collective interest of the global community to take the necessary steps to keep markets open for trade and investment as part of ongoing efforts towards achieving sustained economic recovery. In that regard, he welcomed the commitment made by the G-20 leaders, in the Declaration issued at their London Summit, to raise no new barriers to investment or to trade and to maintain that policy until 2010.

71. Nevertheless, as WTO had warned that high and rising unemployment rates might fuel protectionist pressures in many countries, efforts should be made to prevent low-intensity protectionism from escalating into trade barriers. Domestic structural reforms which supported flexible labour markets, adaptable workforces, well-designed social safety nets, investments in education and training, and an environment conducive to innovation and entrepreneurship would help promote trade and investment liberalization. Asia-Pacific Economic Cooperation (APEC) had taken a number of measures in that respect, including through an initiative to boost the effectiveness of economies' social safety nets and labour market systems, and would be discussing inclusive growth at its November ministerial meeting to be held in Singapore.

72. Singapore reaffirmed its commitment to the Doha Development Agenda and believed it could be concluded by 2010. Significant progress to that end had already been made, but it was crucial to translate commitment into substantive and constructive negotiations. Bilateral and plurilateral avenues must be kept open so that pending issues could be addressed through negotiations on multiple fronts. Flexibility would be required on all sides. The Second Committee should urge Government leaders to roll back protectionist measures as soon as possible and continue to reject protectionism, bearing in mind that even WTO-consistent rules could have a significant protectionist effect. The Committee should also send a strong message of support for the Doha Development Agenda, recognizing that the conclusion of the Doha Round would contribute significantly to economic recovery, demonstrate the benefits of the multilateral trading system and provide valuable insurance against the threat of protectionism.

The meeting rose at 1 p.m.