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**Strengthening all forms of cooperation and partnerships for trade and development,
including North–South, South–South and triangular cooperation**

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trade and development**

Note by the UNCTAD secretariat

Executive summary

Current global challenges and opportunities could be addressed through concerted national and international action to strengthen the role of trade as an engine for inclusive growth, sustainable development and poverty reduction. A variety of North–South, South–South and triangular forms of cooperation and partnerships for trade and development could be used and strengthened for this purpose. UNCTAD is well placed to facilitate such cooperation efforts.

Introduction

1. The principle of establishing partnerships for trade and development is a standing feature of international development cooperation. For example, Goal 8 of the United Nations Millennium Development Goals (MDGs) on developing a global partnership for development highlights the role and contribution of international trade, especially through the promotion of an open, rule-based, predictable, non-discriminatory and equitable multilateral trading and financial system. The link between trade and development and partnerships, in the context of globalization, has been underlined at several UNCTAD conferences, including UNCTAD XII. In the wake of the multiple global crises and their impact on development, new thinking is needed on how such partnerships can help promote sustained growth and inclusive development, and contribute to development-centred globalization.¹

2. This note raises issues for discussion among UNCTAD member States and other stakeholders on strengthening all forms of cooperation and partnership for trade and development, including on the basis of North–South, South–South and triangular cooperation, bearing in mind that South–South cooperation is a complement to rather than a substitute for North–South cooperation. Section I discusses what forms of cooperation and partnerships exist; section II examines why increased cooperation and partnership is needed; and section III discusses how and by whom current forms of partnerships could be enhanced and new ones created.

I. Scope of the existing cooperation and partnerships for trade and development

3. In the area of trade and development, a broad range of partnerships exists. The following categorizations are neither exhaustive nor mutually exclusive:

- (a) Trade agreements at all levels to enhance market access on a reciprocal basis, such as the economic partnership agreements between the European Union (EU) and the African, Caribbean and Pacific (ACP) group of countries, and the Global System of Trade Preferences among Developing Countries (GSTP); or on a preferential basis, such as the United States' African Growth and Opportunity Act (AGOA) for sub-Saharan African countries, the EU's Everything But Arms initiative for the Least Developed Countries (LDCs), or India's Duty-Free Tariff Preference Scheme for LDCs.
- (b) Trade-related cooperation programmes of a North–South, South–South or triangular character (among developing countries with the participation of developed countries or development partners). These include aid for trade initiatives and the Enhanced Integrated Framework for LDCs. Mention can also be made of the Global Network of Export-Import Banks and Development Finance Institutions (G-NEXID), which is dedicated to providing trading financing for South–South economic cooperation.
- (c) The Istanbul Programme of Action for LDCs (IPoA) highlights another kind of partnership between the international community and LDCs to foster sustained growth and transformation in highly vulnerable and disadvantaged economies, with the aim of enabling half of the currently 49 LDCs to graduate out of this country group over the next ten years. In the area of international trade, a range of

¹ See *Report of the Secretary-General of UNCTAD to UNCTAD XIII: Development-led globalization: Towards sustainable and inclusive development paths*, which bears the symbol UNCTAD(XIII)/1.

partnerships will be required in order to meet IPoA's target of doubling the share of LDCs' exports in global exports by 2020, including by broadening LDCs' export base.

- (d) Intergovernmental cooperation between producers and consumers of commodities that takes place in the form of international commodity agreements (such as those for tropical timber or coffee) and international study groups on commodities (such as those on copper and nickel).
- (e) Public-private partnerships (PPPs) between governments and the private sector, such as those for infrastructure development related to trade, trade facilitation and trade policy incentives (e.g. for enhancing the participation of national enterprises in global supply chains).
- (f) Consultation and coordination mechanisms at the national level between government ministries responsible for trade, and a range of government, private-sector and civil-society stakeholders, including parliamentarians, on preparing effective and coordinated public policies.
- (g) Cooperation among international organizations in providing trade-related technical assistance, such as the United Nations System High-Level Task Force on the Global Food Security Crisis.

II. Rationale for strengthening trade cooperation and partnerships

4. The basis for development cooperation and partnerships resides in the search for mutual (and growing) economic gains in an interdependent global economy, the value of coordinated action in support of global economic growth and to better manage global economic threats, and the need for greater solidarity to support vulnerable economies in their development efforts. Moreover, several evolving developments underpin the need for strengthened partnerships to help make globalization more development-centred, with growth, equity, sustainability and inclusiveness at its heart.

5. One recent factor adding to the need to strengthen cooperation has been the impact of the global financial and economic crisis and the subsequent fragile and uneven recovery in trade and economic growth. In the absence of such cooperation, there is a heightened danger of protectionist measures that elevate the risks of trade frictions. This challenge, which could intensify with another global recession, underlines the need for global partnerships in addressing crisis mitigation and recovery and enhanced macroeconomic coordination and coherence, in order to reduce the risks of future crises. The initiatives taken by the United Nations and the G20 during the global crisis manifest the importance of global partnerships. Given that economic growth has been more vibrant in emerging economies, particularly over the past decade, new forms of partnerships between these economies, with other developing countries and also with developed countries, have been formed to support growth opportunities, strengthen development cooperation and address emerging global challenges. However, it is essential to recognize that the emerging economies themselves continue to face daunting development challenges, with a bearing on their contribution to, and responsibilities for, development cooperation.

6. Another policy challenge is the deadlock in multilateral trade negotiations in the World Trade Organization (WTO) Doha Round, and the proliferation of regional trade agreements (RTAs) in both North-South and South-South contexts, leading to increased complexity in trade regulations, including ever-increasing, changing, complex and costly non-tariff measures, especially in major markets. It may well be that the Doha Round deadlock is a reflection of wider tensions between globalization and narrowly defined

national interests. This would underline the need to seek new ways to foster consensus for supporting and strengthening cooperation at national, regional and multilateral levels in addressing trade barriers and enhancing freer and fairer international trade, leading to a successful and development-oriented conclusion to multilateral trade negotiations. Such strengthened cooperation is absolutely vital in order to (a) reduce pressures on countries to resort to unilateral protectionist measures; (b) enhance coherence in policymaking and global economic governance; and (c) reduce trade conflicts. Moreover, it is essential to define policies and measures to mitigate the likely adverse impacts of the slowdown in Northern markets upon developing-country exports, and to address potential “fallacy of composition” issues that may arise if all countries simultaneously attempt to export their way out of economic problems.

7. Yet another challenge has been the boom in commodity prices, which has enhanced the fiscal revenue available to some commodity producers and exporters, but has also created major challenges, including vulnerability to price volatility and overdependence on a few commodity exports. Importers of some commodities have also been plagued by food and energy insecurity. Declines in commodity prices would raise fresh problems. Thus, there is a need to strengthen partnerships for harnessing the gains and addressing the challenges from commodities production and trade.

8. An important rationale for strengthening partnerships is the insufficient capacities of many developing countries to provide adequate and affordable access to essential services to meet the MDGs – against the backdrop of deepening poverty, unemployment and social unrest. Ensuring the transformation of trade and economic growth into welfare gains requires – inter alia – partnerships that accelerate progress towards reaching the MDGs as underlined by MDG 8. For instance, the provision of duty-free and quota-free treatment on a lasting basis to all LDC exports, by developed countries and developing countries in a position to do so, remains a priority goal of development partnerships. Also, collaborative partnerships that strengthen the positive linkages between trade and poverty reduction, trade and employment creation, and trade and gender empowerment need to be elaborated and implemented. With the MDG framework coming to an end in 2015, the lessons learnt about MDG 8 need to be taken on board in crafting the next trade and development global agenda.

9. Furthermore, demographic pressures, the depletion of natural resources, and heightened food and energy insecurity, together with climate change and other global environmental problems, necessitate fundamental structural changes towards more sustainable patterns of production, trading and consumption. The transition towards a green economy in the context of sustainable development and poverty eradication is a major development challenge for the international community to address. The outcome of the Rio+20 summit in June 2012 can be expected to provide new directions in this area, including new forms of economic, social and environmental partnerships.

10. Such global challenges, and emerging opportunities, can only be effectively addressed through concrete and concerted action by the international community. And yet, the resources to tackle these challenges and tap into these opportunities have substantially diminished as a result of the financial crisis. Many developing countries suffer from a shortage of the requisite financial, technological and/or human capital, compounded by difficulties in and/or narrow policy space for promoting structural transformation including by diversifying production towards higher value-added products and services with more technological content. This underscores the need to mobilize and effectively apply available national and international resources, technology and expertise, from both public and private sources. New trade, financial and industrial policies are also required at national and regional levels, that are capable of sustaining structural transformation. Integrated frameworks need to be built up within which trade, finance and industrial development can create inclusive and sustainable development paths.

11. Moreover, partnerships among international organizations involved in trade and development work are crucial in maximizing synergies, pooling resources and expertise, and enhancing development impact. UNCTAD is well placed to facilitate such cooperation and partnership efforts in trade and in the interrelated fields of finance, technology, investment, and sustainable development.

III. Strengthening cooperation and partnerships for trade and development

12. The fundamental changes and transition in the global economy are leading to new windows of opportunity for strengthening – or for creating – new forms of cooperation and partnerships along South–South, North–South and triangular axes. Their effectiveness would be enhanced by complementary tailor-made trade policies and measures at the national level that factor in the interaction between trade and other policy spheres and also the effects of trade upon poverty reduction. On the basis of its trade and development approach and its tradition of work combining research and analysis, intergovernmental consensus-building and technical cooperation, UNCTAD is involved in and uniquely placed to further promote trade-related partnerships.

13. The national services policy reviews undertaken by UNCTAD could provide enhanced guidance for multi-stakeholder consultative processes in order to improve policy, regulatory and institutional frameworks, to strengthen services supply capacities, and to identify new opportunities for exports. Experience-sharing and regulatory cooperation among infrastructure services regulators could also be promoted.

14. UNCTAD's annual Global Commodities Forum offers an integrated platform for high-level deliberations on commodity issues. UNCTAD's biennial World Investment Forum, initiated in 2008, offers an important platform for dialogue, partnership and action among stakeholders on the world's key emerging investment-related challenges. The launching of a global services forum would contribute to harnessing the development potential of the services sector.

15. UNCTAD's support to developing countries and their RTAs could be reinforced, to strengthen their trade and economic integration processes, and helping them to design development-oriented RTAs with developed-country partners. This would also require a continuing UNCTAD contribution to South–South cooperation, including support to the GSTP Agreement and the implementation of the results of the São Paulo round of trade negotiations. Also, partnerships/research networks could be formed to identify and address the potential threats to the multilateral trading system arising from RTAs, including through enhancement of data collection processes, and through analysis of the provisions and the evolution of North–South and South–South RTAs.

16. In cooperation with the World Bank, the African Development Bank, the International Trade Centre UNCTAD/WTO, and other organizations, UNCTAD has launched an institutional partnership entitled Transparency in Trade. The initiative is a global public good aimed at qualitatively improving trade policy data collection and research and analysis as major contributors to a more effective trade policy formulation process. This multi-year partnership could be instrumental in global efforts to coherently address non-tariff measures and the negative impacts that they have on international trade and on developing countries' exports.

17. UNCTAD's support to developing countries in their efforts to promote diversification of exports and markets, such as via new and dynamic sectors of world trade or the creative economy, could be strengthened and extended to a wider group of countries.

18. Bilateral and regional convergence and cooperation in addressing anticompetitive practices and protecting consumers would help to sustain economic reforms. Furthermore, UNCTAD's efforts to promote a culture of competition worldwide could be enhanced by carrying out an increased number of voluntary peer reviews of national and/or regional competition laws and policies, and by providing enhanced support for the elaboration and adoption of consumer protection legislation. Indeed, the procedure used for peer reviews – a “soft” approach of holistic analysis and debate in the competition area to reach common viewpoints, subsequently leading to regulatory reform – provides a potential avenue to learn and draw lessons from it in other areas of trade policy reform and negotiations

19. UNCTAD's Biotrade programme has a network of partnerships at national, regional and global levels that could be enhanced to strengthen the links between biodiversity and trade and development, and, particularly, the impact on the livelihoods of poor communities. Likewise, UNCTAD's support for identifying trade and investment opportunities and challenges arising from climate change mitigation and adaptation will be increasingly important in the follow-up to the Rio+20 summit.

20. At the international and regional levels, additional and effective aid for trade, trade finance and trade facilitation constitute vehicles for partnerships to address and prioritize trade-related needs and constraints, as well as to provide coordinated funding for public goods (including infrastructure) by donors, international cooperation agencies and multilateral and regional development banks. The aid for trade agenda also needs to be rethought from a development perspective, in order for it to be more development-enhancing.

21. Regular international dialogue and consensus-building on policy actions are also required for dealing with commodity problems and issues.

22. At the national level, “trade policy partnerships” among government ministries, as well as between government ministries and the private sector and non-market actors (i.e. PPPs), could be promoted for formulating, coordinating and implementing trade strategies and action plans that are coherently integrated into development policies. This includes identifying suitable criteria, targets, instruments and support measures to promote export growth and diversification, as well as the requisite infrastructure. Furthermore, new partnerships could be formed around the development and diffusion of green technologies, in order to mitigate the impacts of climate change and to combat threats to food and energy security.

23. Member States may find the following questions pertinent for their discussions on strengthening partnerships for trade and development:

- (a) How can existing partnerships for trade and development be strengthened, and what new partnerships are needed to enhance the effective and beneficial participation of developing countries in international trade?
- (b) What are the new areas where the need for strengthened partnership has arisen because of the changing global economic realities?
- (c) What key principles are needed to create partnerships that foster economically, socially and environmentally sustainable and inclusive growth and development at national, regional and international levels?
- (d) How can UNCTAD contribute to strengthening the above effective partnerships through a trade-oriented and development-centred globalization?