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Development-centred globalization:

Towards inclusive and sustainable growth and development

Draft negotiating text for UNCTAD XIII

Geneva, 26 March 2012

Introduction From Accra to Doha

1. In the period since UNCTAD XII in Accra in 2008, there have been dramatic changes in the global economy. At the same time, some of the long-standing trends that were already under discussion in Accra have continued. Together, these changes and trends are reshaping the international economic environment and giving rise to new trade and development challenges. In particular, policymakers everywhere are looking for ways to build more inclusive and secure results, and to set the course for development-centred globalization. (EU, JZ, Group D, G77&CHINA delete para)

1alt. In the period since UNCTAD XII in Accra in 2008, there have been dramatic changes in the global economy. At the same time, persistent challenges remain. Together, these are reshaping the international economic environment, and giving rise to unexpected implications and dynamics. Policymakers are therefore looking for more effective ways to build more inclusive and sustainable development outcomes, and to set the course for development-centred globalization. (G77&CHINA)

2. UNCTAD XIII is an important contribution towards the achievement of development-centred globalization through constructive dialogue and a concerted effort by all stakeholders to apply the lessons learned since Accra. (EU, JZ, Group D, G77&CHINA delete para)

2alt. UNCTAD XIII is an important contribution towards development-centred globalization through constructive dialogue and action amongst member

States. It is also important for member States and the relevant stakeholders in development to apply the lessons learned since Accra. (G77&CHINA)

3. This positive spirit is critical, as beginnings often require new ideas. UNCTAD's role as an incubator of such ideas in the field of trade and development is grounded in a willingness among all its stakeholders to engage constructively in meeting the challenges ahead. (EU, JZ, Group D, G77&CHINA delete para)

3alt. In this regard, a positive spirit is imperative in order to generate and pursue new ideas. UNCTAD's role as a focal point of the United Nations for the integrated treatment of trade and development and inter related issues in the areas of finance, technology, investment and sustainable development, is grounded in a willingness among its members to harness the contributions of relevant stakeholders in development to effectively meet the challenges a head. (G77&CHINA)

4. The Accra Accord was in the best traditions of UNCTAD of being ahead of the curve, pursuing a constructive trade and development agenda, and being anchored by the three pillars of policy analysis, consensus-building and technical cooperation. ~~Many of The~~ outcomes of UNCTAD XII remain valid, and this Conference reaffirms **and builds upon** them. Yet, as the world has moved on, so must UNCTAD. This Conference, therefore, **looks beyond Accra in an innovative manner** ~~builds on but also looks beyond Accra, so that in order for UNCTAD may to~~ continue to strengthen its development role and impact. (G77&CHINA) (EU, JZ, Group D delete para)

5. There are many challenges. Some are emerging; others are more persistent and have eluded clear policy solutions. Yet, beyond the difficulties of the current economic landscape lies the potential of a stronger global economy that could, through a judicious mix of entrepreneurial endeavour, smart policymaking and effective cooperation, nurture truly sustainable and inclusive development outcomes. (EU, JZ, Group D, G77&CHINA delete para)

5alt. There are many challenges. Some are new and emerging. Others are persistent, and attempted solutions have proven to be frustratingly ineffective. Yet, beyond the bleak landscape that currently manifests itself, lies the potential of a stronger global economy to nurture sustainable and inclusive development. The three pillars of UNCTAD's work present the opportunity for member States to identify and pursue practical solutions anchored on entrepreneurial endeavour, a conducive enabling environment, and effective policymaking. (G77&CHINA)

6. The financial crisis which struck shortly after the Accra Conference ushered in the first contraction in the global economy since the 1930s. Although it originated in the advanced countries, it spread very rapidly, through adverse movements in financial flows, trade and investment. The world's poorest countries were not spared. Despite the coordinated policy efforts of leading economies, both developed and developing, the global economy remains fragile. (EU, JZ, Group D delete para)

7. The first challenge is to reconnect finance with the real economy in support of inclusive and sustainable development. The crisis has demonstrated that all countries, developed and developing alike, can pay serious political, economic and social costs if financial markets are left to regulate themselves. The scale, reach and persistence of the crisis therefore call for rethinking development principles, values and attendant policy measures, at the national, regional and international levels, to ensure that the financial and productive sides of the economy evolve in a mutually supportive and harmonious manner. (EU, JZ, Group D delete para)

8. A second challenge, **is eliminating hunger and achieving food security** ~~potentially more daunting, is to address food insecurity. Sharply rising~~ **The high volatility of food**

prices raised the issues of hunger and food insecurity during UNCTAD XII and have since been a source of serious social and political unrest in a number of countries **in particular Net Food Importing Developing Countries (NFIDCs)**. ~~At least 1 billion people remain food insecure. The volatility of food prices along a rising trend reflects both fundamental economic forces and the increasing financialization of commodity markets.~~ **The role of the increasing financialization of commodity markets in the volatility of food prices has been highlighted.** Greater price stability for foodstuffs is ~~an essential~~ a component of food security. However, ~~the underlying~~ **another** challenge is **access to food** and bolstering agricultural development ~~and food distribution~~ and increasing yields through higher levels of investment and widely shared technological progress **while taking into account the need for sustainability and the needs and concerns of small scale farmers.** (G77&CHINA) (EU, JZ, Group D delete para)

9. A third challenge has arisen around energy price ~~hikes~~ **volatility and access to renewable energy** which, ~~in a similar fashion,~~ raise the issue of energy insecurity. The bulk of energy infrastructure has yet to be built in many developing countries, leaving energy services undersupplied and expensive, ~~with an estimated 2 billion people~~ without access to modern energy services. Filling this gap is essential for building inclusive development paths. (G77&CHINA) (EU, JZ delete para)

10. The fourth ~~and potentially most menacing~~ challenge is climate change. The urgency of tackling this problem is underscored by the continuing rise in greenhouse gas emissions, even as the global economy has slowed down. Warming temperatures are already threatening lives and livelihoods in ~~some~~ developing countries. Related **increased frequency and number of natural disasters and other adverse effects on the environment as a consequence of climate change,** ~~threats from natural disasters, not all of which are linked to climate change,~~ are adding to concerns about growing environmental insecurity in all countries, in particular in the poorest and most vulnerable. **Helping people and business firms to get back on track after natural disasters requires an innovative approach. These challenges have implications for finance, insurance, investment, trade and development.** (G77&CHINA) (EU, JZ, Group D delete para)

11. ~~Additionally, cross-cutting economic, social and environmental challenges continue to require lasting solutions that must be holistically addressed.~~ (EU, JZ, Group D delete para)

12. In isolation, meeting each of these challenges will require massive resource commitments and policy efforts. However, what has become increasingly apparent since the Accra Conference is that these challenges are closely interconnected and will have to be tackled together. That underscores the importance ~~of effective~~ **to strengthen** governance, at all levels, to meet the challenges of an interconnected world. (G77&CHINA) (EU, JZ, Group D delete para)

13. Efforts to strengthen governance have, in recent years, been made more difficult ~~in many countries, both developed and developing,~~ by a strong rising trend in levels of inequality **at all levels**. This trend has multiple dimensions in which growing income gaps are compounded by gender, ethnic, regional and other sources of discrimination and inequality, posing a direct challenge to inclusive and sustainable development. It also undermines the trust and sense of togetherness, which are essential to cooperative solutions, particularly at the global level. (G77&CHINA) (EU, JZ, Group D delete para)

14. If the economic and social imbalances that have come into sharper focus since UNCTAD XII persist, and if the economic recovery remains fragile, there is a real threat of a political backlash that may wipe out the benefits of a more open global economy, and roll back the achievements of economic ~~integration~~ **interdependence** and reforms at the national level. The burden of ~~reversing~~ **a reversal of** international economic ~~integration~~

interdependence would undoubtedly be heaviest on those least able to afford it, but the damage would be felt across all countries and communities. (G77&CHINA) (EU, JZ, Group D delete para)

15. Avoiding a backlash against globalization and finding lasting solutions to the imbalances that threaten sustainable and inclusive development will require collective measures and actions at the national, regional and international levels. The international community can provide the lead by establishing the principles, partnerships and priorities of a development-centred globalization. Doing so can mark a new beginning for multilateralism in general and development cooperation in particular. (EU, JZ, Group D delete para)

I. Theme – Development-centred globalization: Towards inclusive and sustainable growth and development

A. Policy analysis

15bis. Globalization is characterized by increased connectivity, interdependence and integration of today's world. There are three main dimensions to globalization: economic, social and political. The main driving force for globalization is the continuous reduction of geographical barriers thereby fostering trade, transportation and communication beyond borders. In the UNCTAD context, globalization is dealt with through its economic dimension. (JZ)

15ter. Globalization is a powerful economic force which has lifted billions out of poverty, most notably seen in the economic rise of emerging economies during the past 20 years. Discussions on globalization should be balanced, highlighting its benefits, acknowledging its risks and addressing its challenges. International trade, investment and the private sector are important factors for development and growth. (JZ)

16. Globalization describes the growing interdependence of nations through increased cross-border trade, capital, technology and information flows. The lowering of economic, technical, geographic and cultural barriers has been a long-standing feature of human progress. ~~How these elements are combined and their impact on development prospects have, however, changed over time (JZ). In recent years, the benefits, risks and challenges associated with globalization have been closely linked to the rapid expansion of international financial markets. (EU, JZ)~~

16alt. Globalization,

which manifests itself in three main dimensions, namely, economic, social and political, (Chair)

a multi-dimensional force which has lifted billions out of poverty, (Chair)

~~describes includes~~ (Chair) the growing interdependence of nations through increased cross-border trade, capital, technology and information flows. The lowering of economic, technical, geographic and cultural barriers has been a long-standing feature of human progress. Discussions on globalization should be balanced, highlighting its benefits, acknowledging its risks and addressing its challenges. International trade, investment and the public and private sectors are important factors for development and growth. (G77&CHINA)

17. ~~Effective financial markets are key to raising resources for sustainable growth and development. However, problems can emerge when these markets become divorced from the needs of the real economy. (JZ) Such a growing disconnect appears to be one of the~~

main reasons why the pattern of growth and development has, in recent years and in many countries, been neither inclusive nor sustainable. (EU, JZ)

18. ~~A key one of the challenges (Group D) in building a more development-centred globalization is to ensure finance is again put at the service of building the productive economy. Doing so will require the adoption of more innovative approaches to development strategy. Business as usual is not an option if the global economy is to be rebalanced in a manner that is timely, sustainable and fair. Innovative approaches must be tailored to local needs and circumstances, and ensure that policymakers have the space to discover what works effectively, given specific needs and circumstances.~~(Group D) (EU, JZ delete para)

19. Development strategies should be inclusive and designed to meet human needs. People everywhere have similar needs and aspirations, including a decent work, *{gender equality (JZ), women's (Holy See) empowerment, (EU)}*~~{G77&CHINA delete}~~ a secure home, a safe environment, a better future for their children and a responsive government. Since these ends are closely interconnected, development strategies should adopt an integrated approach. ~~The desired policy options are unlikely to emerge if the economic, social, political (JZ) and environmental spheres are examined separately from each other. (Mexico) – financial markets are examined separately from trade or production, the workings of the macro-economy from the behaviour of firms and households, or the economic from the social and environmental spheres.~~ (EU, JZ)~~(G77&CHINA retain last sentence)~~

19bis. ~~Achieving (G77&CHINA) Sustainable growth and development also entail a transition to environmentally sound patterns of production and consumption that safeguard the biosphere and the capability of its ecosystems to support human activity. The transition to a green global economy (G77&CHINA) must be accelerated and all countries have something to contribute, based on the principle of common but differentiated responsibilities (JZ) and respective capabilities that take into account their level of economic and social development. (JZ, G77&CHINA) At (JZ) the Rio+20 Conference on Sustainable Development the world community (JZ) is expected to [renew and reaffirm the global commitment to sustainable development (G77&CHINA)] [achieve a renewed political commitment for sustainable development and poverty eradication (JZ, Mexico)] agree new guidance and targets for the transition to a green global economy. (JZ, Mexico, G77&CHINA) (EU added para)~~

20. ~~{Innovative (G77&CHINA) Development strategies will have to be carried forward by new development strengthened (G77&CHINA) partnerships for development (G77&CHINA).}{EU delete}~~ These [Development (EU)] [Such (G77&CHINA)] partnerships ~~can draw should not only rely (G77&CHINA) on market norms and behaviour but also on broader considerations such as trust, solidarity and cooperation, the common good and mutual benefit for sustainable and inclusive development. (G77&CHINA). {But (EU) a strong sense of trust and solidarity among those involved will need to build such partnerships on broader foundations.}{G77&CHINA delete}~~ Development strategies should bring together the private and public sectors, small-, medium- and large-scale enterprises, lenders and borrowers, domestic and foreign producers, as well as promoting consensus across different social groups, in order to build strong and broad foundations. (G77&CHINA from 20alt) {A differentiated approach to development partnerships is key to achieving value for money. (EU)}~~{G77&CHINA delete}~~ (JZ, EU delete para)

20alt. Development strategies can be furthered by partnerships that forge a strong sense of trust and cooperation. (JZ) *{and that includes civil society and stakeholders. Development strategies should bring together the private and public sectors, small-, medium- and large-scale enterprises, lenders and borrowers, domestic and foreign*

producers, as well as promoting consensus across different social groups, in order to build strong and broad foundations.}{JZ move to Sub-theme 2} A differentiated approach to development partnerships is key to obtaining the best results with resources available. (EU)

21. Each country has the primary responsibility for its own economic and social development. (G77&CHINA) ~~At the domestic level, (G77&CHINA) The role of the State remains key to [important in (EU)] [essential in (G77&CHINA)] establishing forging a coherent developmental vision and strengthening (G77&CHINA) appropriate development partnerships frameworks conditions (G77&CHINA delete) (EU) that strengthen the links between enterprise development, competitiveness and job creation. (G77&CHINA) {as well as (EU) bring together the private and public sectors, small-, medium- and large-scale enterprises, lenders and borrowers, domestic and foreign producers, etc. as well as promoting consensus To do so, States must forge a coherent developmental vision and build a strong compact across different social groups.}{G77&CHINA delete} (JZ, EU delete para)~~

21alt. Each country has the primary responsibility for its own economic and social development. Therefore the role of national policies and development strategies cannot be overemphasized. The role of the State is to guarantee freedom, peace and security, respect for all human rights, the rule of law, anti-corruption measures, gender equality and an overall commitment to just and democratic societies for development and poverty alleviation. (JZ, EU)

22. The twenty-first century developmental State should be a pragmatic and proactive player ~~enabling and complementing as well as an enabler of (G77&CHINA) the private sector. But It (G77&CHINA) also has an independent role correcting regulating (G77&CHINA) market failures (G77&CHINA) and setting national policies and (G77&CHINA) priorities. Just as experience has shown that government-directed development policy without consideration of market forces can lead to inefficiency and misallocation of resources, so have we learnt in recent years that, if governments do not provide an adequately regulated enabling environment, then those same forces can produce considerable economic and social costs and even threaten national sovereignty. (G77&CHINA) (EU, JZ, Group D delete para)~~

23. ~~{Successful developmental States countries (Group D) have been (G77&CHINA) built their competencies through, inter alia, public-private partnerships and dialogue, as well as transparent and accountable regulatory and supervisory bodies. around structures of (G77&CHINA)}{JZ delete} Governments open to (JZ) consultations, accountability, transparency and learning (G77&CHINA) are essential to a successful development model (JZ). These have helped to create a predictable economic environment with secure property rights, strong competitive forces and a commitment to long-term investments, including in human capital. These are key components of good economic governance (G77&CHINA). Successful Some (JZ) countries have also adopted growth-enhancing strategies, which have included active State support for infrastructure, education, and training and enhancing dialogue with local stakeholders. (JZ) {mobilizing resources and directing them into productive activities, development of strategic sectors, and (G77&CHINA) setting clear performance criteria for the recipients of State support, enhancing dialogue with local stakeholders and establishing the space to consider policy options in line with local needs and capacities} {JZ delete}. (EU, JZ delete para)~~

23alt. Successful developmental States countries (Group D) have built their competencies through growth-enhancing strategies that include active State support for mobilizing resources and directing them into productive activities; development of strategic sectors, such as infrastructure, education and training; enhancing dialogue

with local stakeholders to develop policies in line with local needs and capacities; promoting public-private partnerships and developing regulatory frameworks. (G77&CHINA)

24. Sustained and inclusive growth and development are enabled by, amongst others, facilitating and leveraging the diverse sources of finance, including domestic resource mobilization through taxation and revenue from trade and investment as well as reliable sources of external financing. Raising productive investment levels is essential for building productive capacities and promises expansionary outcomes. ~~{While a focus on investment implies attention to mobilizing domestic (G77&CHINA) and international (EU) resources, including for the public sector, it also serves as a reminder that access to (G77&CHINA) affordable and reliable sources of external financing remains (G77&CHINA) a constraint on [crucial (G77&CHINA)] [relevant (EU)] factor for (EU) growth and development in many developing countries, particularly the least developed.}~~ (JZ, EU delete para)

24alt. Sustained and inclusive growth and development are enabled, among other things, by facilitating and leveraging the diverse sources of finance, including taxation and domestic resource mobilization, private investment, trade and philanthropy. (JZ, EU)

25. Industrialization is a priority for developing countries, in particular LDCs, (JZ, EU) and many countries with economies in transition, because it promotes positive structural transformation and promotes mutually supportive linkages between investment, productivity and employment. A diversified economy depends on an industrial development that identifies comparative advantages in a wide range of productive sectors in order to promote sustainable economic growth and development.

25.bis [Moreover, (EU, G77&CHINA) Policymakers need also (EU, G77&CHINA) to focus on creating the right macro (G77&CHINA) economic and social (G77&CHINA) environment and on (EU, G77&CHINA) the] [These relate to global supply chain (JZ)] linkages within and across sectors, including in the rural economy, which remains key to sustainable and inclusive outcomes in outcomes in many countries, particularly in least developed countries (LDCs). Development of the services sector is also needed to promote diversification, income generation, export creation and employment, as well as contributing to general economic and social development. This sector also shows relative crisis resilience in terms of output and trade. (JZ delete para, GpD)

26. Robust economic growth can make the adjustments associated with structural transformation easier to manage. However, ~~an exclusive focus on (JZ) economic growth in itself [is not sufficient (G77&CHINA)] [may not be sufficient to realize inclusive outcomes (EU)] [should be sustained, inclusive and equitable in order to realize best outcomes (JZ)].~~ Social protection ~~floors are is (G77&CHINA) (Group D, EU, JZ maintain “floors”)~~ needed to protect vulnerable populations and address inequality, including between men and women, and across national regions. ~~This (G77&CHINA) can contribute to a smoother and more predictable development process. (JZ delete)~~ It also contributes to protection against shocks and crises that can accompany rapid growth and progression towards a more open and integrated economy. The balance between growth, fairness and social protection can only be determined in light of local conditions and constraints.

26bis. {Effective trade policies can have a very favourable redistributive effect, both across economic sectors and among individuals. They can create new opportunities and challenges for women which is why the gender perspective needs to be at the core of the design and implementation of trade and development policies.}(JZ, EU delete) *Women’s economic empowerment must be supported by*

*enabling economic, trade (EU, JZ) and social policies. (JZ, Mexico) Gender equality*¹~~{EU, JZ delete reference}~~, women's political and economic empowerment and women's enjoyment of human rights are essential for poverty reduction and sustainable development, and women can exercise those rights more forcefully as they respond as economic agents to new opportunities offered in the market. Opportunities for women in developing countries to engage in decent employment, or as entrepreneurs, increase their income and enhance their ability to invest in their family and in their enterprise. (EU)

27. Given that development is first and foremost a national project, developing countries recognize that they have the primary responsibility to raise the living standards and to increase the security of all their peoples. However, ~~in an increasingly interconnected world, (JZ) in a globalized world, (G77&CHINA) the success of (EU, G77&CHINA) these efforts (JZ) (G77&CHINA retain) {can (JZ) (be (EU, JZ) benefit from impaired or augmented, depending on the strength and purpose of (EU, JZ) this}{G77&CHINA delete} needs to be complemented with (JZ, G77&CHINA) international support and cooperation-, (EU) {striking the right balance between international obligations and commitments and the provision of adequate policy space (EU) (G77&CHINA retain) commensurate to the level of development. (EU, G77&CHINA) To pursue those goals is an ongoing challenge in a globalizing world (G77&CHINA).} {JZ delete} (JZ, EU delete para)~~

28. ~~Rebalancing the world economy and (EU, G77&CHINA) accelerating development for all will be easier in a world economy where the if (G77&CHINA) growth prospects (EU, G77&CHINA) for the (G77&CHINA) only be possible in a (EU, G77&CHINA) growing (EU, G77&CHINA) world economy (G77&CHINA) are fair, balanced and (G77&CHINA) favourable (EU, G77&CHINA). Cooperation among States is essential if existing global gaps and imbalances are to be addressed through expansionary and (EU, G77&CHINA) inclusive (EU, G77&CHINA retain "inclusive") solutions that are conducive to growth and social cohesion (EU, G77&CHINA). Stronger partnerships are also important for taking full advantage of the opportunities and addressing the challenges or risks (G77&CHINA) that present themselves in a globalizing world with particular attention to the needs of LDCs {and low-income countries (EU)}{JZ, G77&CHINA delete}. (JZ delete para)~~

29. Effective multilateral cooperation depends on the support of a range of international institutions that have evolved over the past six decades or more **and that should operate in a more consistent and coordinated way, {and strengthen the voice of developing countries, (Mexico, G77&CHINA)}{EU delete} in order to maximize their the (Mexico, G77&CHINA) contribution of {multilateral cooperation (Mexico, G77&CHINA)}{EU delete} to growth and development, and address the challenges for the global economy. (G77&CHINA) {assure a more efficient use of the existing resources and avoid duplications and overlapping (EU). However, looking forward and in light of ongoing changes in the global economy, ensuring those institutions are appropriately positioned to meet the challenges of the twenty-first century will require a much stronger voice for developing countries in matters of global governance.}{G77&CHINA delete} Much work in this direction is on its way in ~~different international organizations (EU) (G77&CHINA delete) by the international community (G77&CHINA). (JZ delete para)~~**

¹ As referenced in article 7, paragraph 3 statute of the International Criminal Court, (Holy See).

B. The role of UNCTAD

29bis. UNCTAD should emphasize the interconnectedness of sustainable development, which consists of three main interconnected dimensions: economic, social and environmental. Isolating one from the others risks making any progress and achievements unbalanced or even harmful. Therefore, any action in one dimension should take into consideration how it affects the other two. UNCTAD's mandate lies primarily in the economic dimension of achieving sustainable development. Nevertheless, social aspects including human rights, gender equality, labour and social standards, education and health quality, as well as environmental aspects including environmental protection and laws, energy consumption and biodiversity, are factors to be mainstreamed throughout its work. (JZ)

30. UNCTAD XIII reaffirms the organization's core mandate (EU), as set out in 1964 (G77&CHINA, EU, JZ, Group D) reaffirms and (G77&CHINA) builds upon the Accra Accord (EU), to serve as the focal point of the United Nations for the integrated treatment of trade and development, and interrelated issues in the areas of finance, technology, investment and sustainable development. In order to ensure continuity in the work of UNCTAD, the Doha Consensus (EU) builds on the Accra Accord, and its role in guiding UNCTAD's work is reaffirmed (JZ, G77&CHINA). Recognizing that (EU) {after UNCTAD XII the global financial and economic crisis and other challenges have been negatively affecting the world economy and developing countries in particular (G77&CHINA),}{EU delete} the world has changed in many ways since UNCTAD XII, (G77&CHINA, EU) this Conference UNCTAD XIII provides aims at providing an (EU) updated guidance to the work of UNCTAD, through its three pillars of consensus-building, research and analysis and technical cooperation. This includes enhancing, in order to enhance (EU, G77&CHINA) [the development role] [development effectiveness (JZ)] and the (JZ) impact of the institution, including (G77&CHINA, EU) by (G77&CHINA, JZ, EU) incorporating lessons learned and addressing global realities as they have evolved since the previous Conference (EU delete, G77&CHINA retain) {and demonstrating value for money and cost-effectiveness (EU). Within its core mandate, its existing capacities and resources, and without prejudice to the work and mandate of other international organizations, In doing so (EU)}{G77&CHINA delete} UNCTAD should: (G77&CHINA) (G77&CHINA move to introduction or analytical part of theme)

30alt. UNCTAD's activities should be delivered within its core mandate, within its existing capacities and resources, and without prejudice to the work and mandate of other international organizations. These activities should deliver tangible results for specified needs and with measurable impact. In this regard, UNCTAD should: (JZ)

30bis. UNCTAD as the focal point of the United Nations for the integrated treatment of trade and development, and interrelated issues in the areas of finance, technology, investment and sustainable development through its three pillars of consensus-building, research and analysis and technical cooperation, should: (G77&CHINA)

31.(a) (G77&CHINA) [{The dynamic mix of (EU) new realities and the continuing importance of the United Nations underscores UNCTAD's importance— role (EU)}{G77&CHINA delete} continue to be as—(G77&CHINA) an important (G77&CHINA) institution that has long placed emphasized (EU, G77&CHINA) interdependence at the heart of in (EU, G77&CHINA) its integrated approach to trade and development, and as well (G77&CHINA) as a valuable forum for continuous and comprehensive dialogue between developed and developing countries UNCTAD;] [UNCTAD has long placed interdependence at the heart of its approach to trade and development and as a forum for ongoing dialogue on trade and development

(JZ).~~[G77&CHINA delete]~~ {That is also why UNCTAD ~~has to be~~ *is* (JZ)(G77&CHINA retain) part of the (G77&CHINA){all-embracing}{JZ, G77&CHINA delete} ~~implementation approach of current coherence programmes, like (JZ)(G77&CHINA retain) the United Nations System Wide Coherence and its related Delivering as One Initiative, (G77&CHINA) for its future work (JZ) (G77&CHINA retain).~~}{EU added} be a platform that (G77&CHINA) allows ideas to be considered and a consensus built around them, which in turn can **consensus building, which can** (EU, G77&CHINA contribute to deliberations in other relevant forums and institutions. This role as a place for frank and open discussion in a constructive manner should be *is* (EU, G77&CHINA) encouraged and (JZ) should be (EU, G77&CHINA) further developed **continued, but** (G77&CHINA) with *an new* (G77&CHINA) approach geared toward adding value to the global dialogue. {and reducing **duplication** (JZ), especially in view of the magnitude of the challenges facing the global community, and the opportunities for all countries to address persistent and emerging development concerns (EU)}~~{G77&CHINA delete};~~

31bis. ~~When implementing its mandate, UNCTAD should take into particular consideration~~ (G77&CHINA delete, EU retain) good governance at all levels, freedom, peace and security, fight against corruption, domestic stability, respect for human rights, including ~~the right to development,~~ (JZ delete) the rule of law, transparency, gender equality, *international labour standards,* (JZ) market-oriented policies and an overall commitment to just and democratic societies, which are essential to all countries to attain sustainable and equitable growth and development. {Both the role of the State and the role of the market are vital for designing and implementing successful development strategies, reducing poverty and ~~attaining equitable income distribution~~ *reducing income inequality* (JZ), building physical and human infrastructure and addressing market failures where they occur.}{JZ delete} (EU added para) (G77&CHINA discuss with para 21)

32. (b) (G77&CHINA) ~~In this regard, (G77&CHINA) UNCTAD (G77&CHINA, EU) while recognizing that the United Nations is the most appropriate forum to tackle global challenges and advance inclusive and sustainable development (G77&CHINA), through its three pillars (EU) UNCTAD's core mandate and its universal membership make it a valuable forum for continuous and comprehensive development dialogue between developed and developing countries. UNCTAD (EU) should (G77&CHINA) continue to play its role in the evolution of a stronger global consensus on trade (EU, JZ), investment and (EU) development, including through engagement with the forthcoming process to assess what should happen to the MDG framework after 2015 (EU). its contributions to the integrated follow up and implementation (EU) within its mandate (JZ) of the various United Nations conferences and summits on development, and in paving the way towards 2015 (EU) and beyond. (EU, JZ).~~

(b)bis UNCTAD must strengthen its special focus on the needs of the LDCs across all areas of its mandate in accordance with the Istanbul Programme of Action. UNCTAD should also continue to devote attention to other groups of countries with special needs, in particular in Africa, LLDCs, transit developing countries, SIDS and other structurally weak and vulnerable and small economies, including in the context of trade and development-related processes in the United Nations. (G77&CHINA)

33. (c) (G77&CHINA) Maximizing (G77&CHINA) the contribution of UNCTAD's three pillars to the broader work of the United Nations on development assumes added significance ~~at this historic juncture, when the need for~~ of (EU) greater ~~democracy~~ **participation of developing countries in international economic decision-making** and good governance **in the global economic system** (G77&CHINA) at all ~~times~~ levels (JZ) ~~has been emphasized, especially in the light of the~~ (JZ, EU) **recent** (JZ) ~~global~~

~~financial and economic crisis (EU). {In this connection, a key area that needs continued attention, including in the context of the various development-related processes in the United Nations system, is the~~ **continuing (G77&CHINA) vulnerability of many (G77&CHINA) developing countries, in particular the LDCs, landlocked developing countries (LLDCs), in particular in Africa (EU) and other structurally weak, vulnerable and small economies.** ~~{JZ delete} Moreover, {as the transition from centrally-planned (JZ) economies in transition into market economies (JZ) continues in many countries,}{Group D delete} their (Group D) specific trade and development challenges of economies in transition (Group D) also need to be addressed in the relevant parts of UNCTAD's work programme. To this effect UNCTAD should focus on helping those countries to address their needs and benefit from the trade opportunities of globalization (EU). In this regard countries that have so far successfully completed the transition should share their experience to support economic reforms in partner countries (Group D).~~

34. (d) (G77&CHINA) ~~The~~ **Contribute to (G77&CHINA) global effort to realize the objectives of sustainable development, including through the forthcoming (EU) Rio+20 United Nations Conference on Sustainable Development, will continue to (EU) be a focus for the international community over the coming years. UNCTAD can contribute by addressing, within its mandate and within its existing resources, (EU) the trade and development implications of climate change and the emerging green economy, especially by supporting and enabling developing countries in their efforts to address the adverse economic impact of climate change in achieving their development goals. Without prejudice to work undertaken in other forums and in cooperation with other organizations, UNCTAD should (EU) support developing countries' efforts to address the adverse economic impact of climate change in achieving sustainable development, (Mexico) help developing countries to make informed choices and provide capacity-building expertise in trade-and-investment related environmental sustainability (EU). (G77&CHINA will propose further amendments as the negotiations progress) (JZ delete para)**

35. (e) (G77&CHINA) ~~All of these processes converge on the broader need to ensure that the global economic system works for development. UNCTAD can~~ **(G77&CHINA) Contribute its expertise and ideas to the broader work of the United Nations in addressing the root causes of the global economic and financial crisis. This is particularly important given UNCTAD's capacity and mandate to generate ideas which can contribute to enhancing systemic coherence and can help to forge a new consensus on economic development beyond 2015. (EU, JZ, Group D delete para)**

35alt. **UNCTAD should continue improving the quality of its technical assistance and capacity programmes through the entire programme cycle, from design and planning through implementation and monitoring. Stronger emphasis on aid effectiveness, value added as well as result-based management, is a prerequisite to enhance the impact of its work. The efforts concerning the consolidation of trust funds to broader multi-year multi-donor trust funds should be strengthened. (EU)**

35bis. **In line with UNCTAD's core mandate, UNCTAD can contribute its expertise and ideas to the broader work of the United Nations in order to improve people's ability to participate in and benefit from wealth creation, as well as improving employment creation, which are critical for long-term and effective reduction in poverty and inequality. This requires good governance, a strong market focus and dialogue between the private sector and the State, together with policies to promote a green economy and to protect the environment as well as policies to promote human development among the most vulnerable, including through social protection. (EU)**

35ter. UNCTAD should maintain the importance of investment, trade and trade policy as important tools for attaining national development objectives and crucial elements for achieving the Millennium Development Goals (MDGs) – i.e. highlight connections to poverty reduction, gender equality, access to health and education, food security, and the environment. (JZ)

35quater. UNCTAD should continue to monitor and assess the evolution of the international trading system and its trends from a development perspective. (Agreed)² (Group D, JZ → para 101)

35quinquies. Enhance the effectiveness of UNCTAD's contributions to the Enhanced Integrated Framework (EIF), including working with others to mainstream trade in LDCs' national development plans – and contribute to the effective implementation of Aid for Trade through UNCTAD's lead role in the Inter-Agency Cluster on Trade and Productive Capacities. (Agreed)

35sexies. Place specific attention on the special needs of developing countries, particularly LDCs. (Agreed)

35septies. Implement, as appropriate, relevant outcomes from the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus (Doha), the Fourth United Nations Conference on the Least Developed Countries (LDC-IV), the Fourth High-Level Forum on Aid Effectiveness (Busan) and the G-20 summits. (JZ)

II. Sub-theme 1 – Enhancing the enabling economic environment at all levels in support of inclusive and sustainable development

A. Policy analysis

35octies. Economic growth is *key important* (China) to ~~promote inclusive and~~ (EU) sustainable development ~~{and to reduce poverty (China)}~~{EU retain}. A robust private sector is a driver of economic growth, but it requires an enabling economic environment to reach its full potential. ~~However,~~ (JZ) *In order to sustain development gains, it is also necessary to broaden the basis of growth in order to enable more people to benefit from and contribute to growth.* (EU) Economic growth is fostered by ~~{an effective public sector (China), a thriving private sector and sound external support,~~ (EU) }{JZ, delete} ~~{which needs an enabling environment in order to develop its full potential and dynamism (China)}~~{EU retain}. The Millennium Development Goals ~~{and other internationally agreed development goals (China)}~~{JZ delete} are a basis for assessing ~~whether inclusive and sustainable~~ (China) development is ~~inclusive and sustainable~~ (China). (JZ added para) (Asian Group → Sub-theme 4) (G77&CHINA combine with para 41 → 41alt)

41alt (with 35octies)/35octiesalt Sustained economic growth is important for inclusive and sustainable development including poverty reduction. However, in order to sustain development gains, it is also necessary to broaden the basis of growth in order to enable more people to benefit from and contribute to growth. Economic growth is fostered by an effective public sector, a thriving private sector, and sound external support, which needs an enabling environment at all levels in order to develop its full potential and dynamism. An enabling environment at all levels contributes to an

² “Agreed” paragraphs may be changed during further negotiations.

efficient financial and economic policy framework, robust financial regulatory system, sound public and private sectors, fair and efficient taxation system, and corporate environment that encourages productive entrepreneurship. The *internationally agreed development goals, including MDGs, and other internationally agreed development goals* (China) are a basis for promoting inclusive and sustainable development. (G77&CHINA)

35nonies. An enabling economic environment is conditioned by good governance based on three pillars. The political pillar encompasses respect for the rule of law, respect for democratic and human rights, as well as a well-functioning, fair and transparent judiciary system. The civic pillar refers to the efficient participation of civil society, freedom of expression and the right to information. The economic pillar includes an efficient economic and financial framework, sound public financial management and adherence to the rules of corporate governance and responsibility. The five basic principles underpinning good governance are transparency, impartiality, participation, accountability and efficiency. (JZ)

35decies. Economic governance sets out the scope for action by State actors and by enterprises, ensuring the sound, transparent and efficient management of economic affairs, while also acting as an effective deterrent to corruption. As such, it constitutes the rules of play that make up the general framework for public-sector and private-sector activities. It includes a sound, transparent and responsible public financial management, a fair and efficient taxation system, a simple and non-discriminatory regulatory system for the establishment and operation of business, and a sound private investment and intellectual property rights protection framework that enables entrepreneurship. (JZ)

35undecies. Countries have the responsibility for creating an enabling economic environment, which is the prerequisite for mobilizing domestic financial resources and attracting foreign direct investment. Foreign direct investment contributes toward financing sustained economic growth over the long term without increasing the public debt burden. It is especially important for its potential to create jobs, boost productivity, enhance competitiveness and entrepreneurship; lift countries' positions in the value-added chain and establish linkages with global supply chains. (JZ)

35duodecies. Among the components of an enabling environment are strong legal and regulatory frameworks; consistent enforcement of contracts; fair and equitable treatment; robust intellectual property protections; open trade and investment regimes; efficient means of establishing, operating and disposing of enterprises; and effective recourse for investors. (JZ)

36. Most developing countries have, over the past three decades, increased their integration into the global economy, and collectively in these countries, growth has been on an upward trend (EU). Those efforts have, in many cases, been accompanied by rising ~~{an [unequal (G77&CHINA)][uneven (EU)] pace of (G77&CHINA)}~~ trade, investment and capital flows. (EU) ~~They have done so against a backdrop of erratic~~ However, (JZ) global growth has not been uniform. (JZ), ~~an increased incidence of (JZ) economic crises have occurred and widening {imbalance among and (Chair)}~~ ~~{JZ delete} inequalities within countries are a growing challenge. (JZ), and widening income and wealth gaps within and across countries.~~ Increasing global economic integration has led to historic and unprecedented strides in poverty reduction and economic growth, (JZ) [particularly in emerging economies (JZ)] ~~{[in developing countries (Chair)]}{JZ delete}.~~

36alt1. Most developing countries, ~~{particularly emerging economies, (EU)}~~ ~~{G77&CHINA delete}~~ have, over the past few decades, increased their

integration into the global economy, and collectively in these countries, growth has been on an upward trend, which contributed to ~~the economic growth and unprecedented~~ (Chair) poverty reduction. However, increased integration into the global economy and global growth has not been uniform and in many cases accompanied by an [unequal][uneven (EU)] pace in trade, investment, and capital flows. Economic crises have occurred, and in some cases, widening income gaps *which* (Chair) among and within all (Chair) countries remains a long-standing challenge. (G77&CHINA)

36alt2. Most developing countries have, over the past three decades, increased their integration into the global economy, and collectively in these countries, growth has been on an upward trend. This has occurred, particularly in the last decade, against a backdrop of an uneven global growth and widening income and wealth gaps within and across countries, notably between, on the one hand LDCs, and on the other, emerging economies and other developing countries. Those efforts have, in many cases, been accompanied by rising trade, investment and capital flows. (EU)

37. Those efforts have, in many cases, been accompanied by rising trade, investment and capital flows, though these flows have continued to be heavily concentrated in a select group of economies and regions. Moreover, the different components of globalization have evolved at an unequal pace; capital flows have played a particularly prominent role in shaping the contemporary globalizing process. (EU, JZ delete para)

38. Financial deregulation, particularly since the 1990s, has encouraged a sharp increase in private capital flows. These have allowed some developing countries to ease the savings, balance of payment and foreign exchanges constraints that have often held back growth prospects in these countries. However, these flows have often been strongly pro-cyclical, speculative in nature and linked to “innovative” financial products that are detached from productive activities in the real sector of the economy. The recent financial crisis has served as a reminder that effective regulation is necessary to ensure stable markets and for achieving the desired balance between financial markets and other parts of the economy. (EU, JZ delete para)

39. In the light of these developments, there is an urgent need for a substantive reform of the international financial and economic architecture to better enable it to prevent financial and economic malfunctions, effectively promote development, and serve the needs of member States, particularly of developing countries. (EU, JZ delete para)

40. ~~This calls for greater~~ **Within their respective mandates, and in a complementary manner (G77&China) There is a need for better (EU, G77&CHINA) cooperation, coordination (G77&CHINA) and coherence between (G77&CHINA, EU) among different (EU) {international (G77&CHINA)}{EU delete} {trade, (EU) development, (G77&CHINA) monetary, financial, social and environmental (EU)}{G77&CHINA delete} institutions at all levels (EU, G77&CHINA) to promote an approach to trade, investment (G77&CHINA) and (EU) development and interrelated (G77&CHINA) issues (EU) in the areas of finance, technology, investment and sustainable development (G77&CHINA) based on equity, social inclusion, human development and environmental sustainability, {being consistent and without overlapping in their mandate and work (EU).}{G77&CHINA delete} (JZ delete para)**

40alt. There is a need for better cooperation and coordination among different institutions at all levels to promote an approach to trade, investment and development issues without overlapping in their mandate and work. (JZ)

41. Strong and sustained economic growth requires **open markets (JZ), an effective and efficient public sector and a (G77&CHINA) thriving private sector** [with a high propensity to reinvest its ~~profits~~ earnings (EU, G77&CHINA) productively. Among other

things, (JZ delete)] and (JZ) an enabling economic environment requires {with (JZ) good governance, predictable legal standards, an anticorruption policy, gender equality, attention to youth employment, (EU)}{Mexico moved} an efficient financial and economic policy framework, sound and transparent public sector finance and management, a fair and efficient taxation system, **effective protection of intellectual property that fosters research and development (JZ)** and a corporate environment that encourages productive entrepreneurship and investment (EU). Furthermore, the existence of good governance, predictable legal standards, an anticorruption policy, gender equality and policies for youth employment are also important to achieve sustainable development (Mexico).

41alt (with 35octies)/35octiesalt Sustained economic growth is important for inclusive and sustainable development including poverty reduction. However, in order to sustain development gains, it is also necessary to broaden the basis of growth in order to enable more people to benefit from and contribute to growth. Economic growth is fostered by an effective public sector, a thriving private sector, and sound external support, which needs an enabling environment at all levels in order to develop its full potential and dynamism. An enabling environment at all levels contributes to an efficient financial and economic policy framework, robust financial regulatory system, sound public and private sectors, fair and efficient taxation system, and corporate environment that encourages productive entrepreneurship. The MDGs and other internationally agreed development goals are a basis for promoting inclusive and sustainable development. (G77&CHINA)

42. The reform agenda in the wake of the global financial and economic crisis has advanced slowly and remains incomplete. The risk of new crises remains high, along with the threat of contagion across markets and countries. It remains imperative, therefore, for the international community to address the unfinished elements in the global reform agenda more vigorously **urgently (G77&CHINA)** than has been the case so far. **Even if recent crises have their origins in the developed economies, in the absence of systemic reform, developing countries have been and will continue to be affected (G77&CHINA).** In this regard, therefore, it is important to address the underlying systemic problems in the international economic system to make it work more effectively for development. (EU, JZ delete para)

42alt-bis. (China) The international community should address the remaining challenges, such as eliminating poverty and the transition, to ~~more climate-friendly sustainable~~ (Mexico) methods of production and consumption. These require a stable macroeconomic environment that favours appropriate levels of investment in *clean technology and* (Mexico) real productive capacity. (EU added para) (G77&CHINA, Mexico → Sub-theme 3)

42alt-ter. (China) The international community should address the challenges, such as eliminating poverty and the transition towards building a low-carbon society, that offer substantial opportunities and ensure high growth and sustainable development, based on innovative technologies and more sustainable production, consumption and lifestyles, while ensuring a just transition of the workforce that creates decent work and quality jobs. These require an economic environment that favours investment in productive capacity. (JZ) (China → Sub-theme 3)

43. Recent debates on the reform of the international monetary system have addressed mainly the symptoms rather than the core underlying systemic problems. In particular, the weaknesses of existing foreign exchange regimes reflect a high degree of disconnect between financial market behaviour and macroeconomic fundamentals. This is a source of unsustainable current-account imbalances, distortions in international factor movements and domestic financial instability. The resulting heightened uncertainty is damaging for the

productive economy, including the international trading and production systems. (EU, JZ delete para)

44. DELETED

44alt1. For trade to serve as a real engine of sustainable development and inclusive growth, an open, *transparent* (JZ, G77&CHINA) ~~non-discriminatory~~ (G77&CHINA), *equitable* (JZ, G77&CHINA) and rules-based multilateral trading system is required. ~~However, the effective and equitable integration of all countries, particularly least developed countries and countries with economies in transition, into the multilateral trading system is not yet completed. The effective, non-discriminatory and equitable (G77&CHINA) integration of all countries, particularly developing and (G77&CHINA) LDCs, remains a challenge and a (G77&CHINA) priority. {in this regard. The Doha Development Agenda negotiation should contribute to this objective. The successful conclusion of the Round is crucial and it should deliver development-related outcomes, in particular to the benefit of developing and least developed countries. (JZ)}~~{G77&CHINA move to 44bisbis} ~~In turbulent economic times, trade protectionism remains a risk, and an immediate challenge is therefore to achieve a strengthened, inclusive and resilient multilateral trading system. (JZ move) (EU added para)~~

44alt2. For the rules-based multilateral trading system to *enable trade to* (Canada) serve as an engine of inclusive growth and development, it must remain open, transparent and non-discriminatory. The effective integration of developing countries, in particular LDCs and countries with economies in transition into the multilateral trading system should remain a priority. The Doha Development Agenda negotiations should contribute to this objective, and a successful conclusion of the round is crucial and should deliver outcomes that benefit developing *countries* (EU) and *in particular* (EU) LDCs. Moreover, in a time of fragile economic recovery, trade protectionism and export restrictions remain a risk, and efforts should continue to be made to fight all forms of protectionism. (JZ)

44bis. In turbulent economic times, trade protectionism remains a risk, and experience has shown that protectionism tends to deepen global economic downturns. It is therefore particularly crucial to keep markets open and fight against all forms of protectionism to promote economic growth and development, ~~while preserving the policy space for developing countries, in particular the least developed countries, subject to the internationally agreed disciplines~~ (EU). In this regard, a strengthened and sustained inclusive and resilient multilateral trading system should be achieved and have a vital role to play. (G77&CHINA added para)

44bisbis. In the current challenging global economic environment, the objectives of the Doha Development Agenda remain relevant and valid and could contribute to the global economic recovery. In this regard the successful conclusion of the Round is crucial and it should deliver development-related outcomes, in particular to the benefit of developing and least developed countries, *in accordance with the Doha and Hong Kong Ministerial mandates and the progress thus far achieved* (from 44alt). (G77&CHINA)

44ter. States are strongly urged to refrain from promulgating and applying any unilateral economic, financial or trade measure not in accordance with international law and the Charter of the United Nations that impedes the full achievement of economic and social development, particularly in developing countries, and that affects commercial interests. These actions hinder market access, investments and freedom of transit, and the well-being of the population of affected countries. (G77&CHINA) (EU, JZ delete para)

45. There is an urgent need for greater coherence between the international trading and financial systems. In the current “system”, individual countries seek temporary and ad hoc solutions to avoid currency misalignment. These include unilateral intervention in the currency markets, the taxation of short-term inflows and prudential capital controls. However, a better design of the global monetary system should go beyond stop-gap measures. Systematic measures, including ~~measures~~ **guidelines (G77&CHINA)** to discourage short-term destabilizing capital flows, are needed to prevent speculative and herding behaviour from dominating currency movements and those of other macroeconomic variables. (EU, JZ delete para)

45bis. The price boom since 2002 has revived the potential role of commodity revenues in contributing to economic growth and poverty reduction. However, some commodity exporting countries have not been able to fully benefit from the potential growth and poverty reduction effects of the commodities boom nor have they achieved economic diversification and greater social inclusion. Furthermore, the volatility of commodity prices also remains a long standing challenge to commodity importing developing countries. ~~In some developing countries, particularly net food importing countries, the livelihood of hundreds of millions of people have been affected.~~ (EU) Addressing this issue requires transparency of commodity markets, *inter alia through the Agricultural Markets Information System*, (EU) careful analysis and appropriate policies, given the fact that financial markets can play both a positive and negative role in hedging the exposure of both producers and consumers of commodities associated with physical production and price uncertainty. A key challenge to policymakers is to identify innovative and coherent policies at national, regional and international levels to reduce the volatility of commodity prices and to support commodity dependent developing countries ~~in mitigating its negative impacts and~~ (EU) in formulating sustainable and inclusive development strategies. (G77&CHINA)

46. DELETED

47. DELETED

48. DELETED

48alt1. High volatility of food and energy prices has affected the livelihoods of hundreds of millions of poor people, especially in developing economies. Since 2008, the financialization of commodity trading has grown as an issue of concern. These issues, their causes and possible actions to resolve them require careful analysis, comprehensive and appropriate policies and urgent action. (G77&CHINA)

48alt2. Since 2008, high and volatile food and energy prices have affected the livelihoods of hundreds of millions of poor citizens, especially in developing economies. This issue requires transparency of commodity markets, careful analysis, ~~comprehensive~~ (JZ) and appropriate policies ~~and urgent action~~ (JZ), such as recent G-20 initiatives like the Agricultural Markets Information System, given the fact that financial markets have a role in hedging the exposure of both producers and consumers of commodities associated with physical production and price uncertainty. (EU)

49. A key challenge for policymakers is to identify innovative and coherent policies at national, regional and international levels to reduce the ~~excessive~~ (G77&CHINA) volatility of commodity prices ~~and to support commodity-dependent developing countries (G77&CHINA) in mitigating their negative impacts~~ in formulating sustainable and inclusive national development strategies (EU). Serious efforts are needed ~~to think through how (Group D) to enhance cooperation between producers and consumers, (G77&CHINA) in order to ensure fair, sustainable and predictable framework conditions for trade in raw materials~~ (China), and to (EU) increase transparency,

~~tighten regulation of financial market participants and give market overseers the instruments to contain the influence of excessive speculation on prices (EU). (JZ delete para)~~

50. **Sustainable management of debt (JZ)** ~~Debt sustainability, (G77&CHINA), [as well as responsible (JZ)] [prudent (G77&CHINA)] macroeconomic and debt management policies, (JZ, G77&CHINA) {Reduction and cancellation of debt (G77&CHINA)}{EU delete}~~ plays an important role in ~~ensuring and (US) fostering debt sustainability and (G77&CHINA) economic development. Prior to the onset of the global financial and economic crisis in September 2008, (EU, JZ, G77&CHINA) many developing (Group D, JZ, G77&CHINA) countries had have (EU, G77&CHINA) managed to sharply reduce their overall debt-to-gross domestic product (GDP) ratio, in some cases (G77&CHINA) through debt cancellation (Chair) assisted, (EU) by {the DMFAS programme, and other relevant initiatives, (G77&CHINA)}{JZ delete}~~ *[including (JZ) by Heavily Indebted Poor Countries (HIPC) and the Multilateral Debt Relief (MDRI) Initiatives (EU, G77&CHINA)]*, and to (EU) also make progress on restructuring their public debt by borrowing relatively more domestically, and where possible shifting to concessional borrowing.

50 (CLEAN). [Responsible (JZ)] [prudent (G77&CHINA)] macroeconomic and debt management policies, {as well as reduction and cancellation of debt}{EU delete} [where appropriate (JZ)] [in Heavily Indebted Poor Countries (HIPC) (Chair)], play an important role in fostering debt sustainability and economic development. Many countries have managed to sharply reduce their overall debt-to-gross domestic product (GDP) ratio, in some cases assisted, by {the DMFAS programme, and other relevant initiatives, (G77&CHINA)}{JZ delete} *including (JZ) by Heavily Indebted Poor Countries (HIPC) and the Multilateral Debt Relief (MDRI) Initiatives (EU, G77&CHINA)* and to also make progress on restructuring their public debt by borrowing relatively more domestically, and where possible shifting to concessional borrowing.

51. The global financial and economic crisis ~~and the “Great Recession” have~~ **has (JZ)** caused a significant deterioration in public-sector accounts ~~as private deleveraging has forced, forcing (G77&CHINA) governments to step in to stabilize the financial system and bolster the real (G77&CHINA) economy. In some developing countries, fiscal accounts were also strongly affected by commodity price volatility and higher interest rate spreads on public debt. The fiscal space in many developing countries, in particular Africa and LDCs, (G77&CHINA) is still heavily restricted and a number of African and least developed countries they (G77&CHINA) are still in debt distress. (EU, JZ delete para)~~

51alt. The global financial and economic crisis has caused a significant deterioration in public-sector accounts. In some developing countries, fiscal accounts were also strongly affected by commodity price volatility and higher interest rate spreads on public debt. Those developing countries, notably emerging economies, which had started to accumulate external reserves, mostly combined with current account surpluses, had the fiscal space to respond to the global recession with countercyclical policies. In this context, the importance of building up fiscal buffers that have been possible through debt relief initiatives of HIPC and MDRI should not be underestimated; those have been contributing to stabilize macroeconomic conditions. However, many low-income countries still have little fiscal space and a number of African and least developed countries are still in debt distress. (EU) (JZ delete para)

52. ~~Further (EU, G77&CHINA) steps must be taken to mitigate and reduce the cost of financial and economic crises in developing countries and countries with economies in transition (Group D, G77&CHINA). New approaches are needed to improve external debt management. (EU, G77&CHINA) Adequate regulation and supervision of the~~

financial markets and (G77&CHINA) debt management can play an important role with regard to crisis prevention and resolution. (EU). Putting mechanisms in place to help prevent ~~debt~~ the recurrence of economic and financial (G77&CHINA) crisis and to better resolve them if they do occur should be a priority item on the international agenda, lessons can be drawn from *past* (G77&CHINA) experiences. {and developing countries having ownership of the process and playing their part, especially the emerging ones, in contributing to available resources to their resolution (EU).}{G77&CHINA delete} (JZ delete para)

53. Principles of responsible sovereign lending and borrowing can play an important part in efforts to obviate the frequent and severe financial and economic crises, and promote financial stability and economic development. ~~In tandem Together (EU, G77&CHINA) with ongoing efforts to enhance regulation and supervision of financial markets, these principles can lead to introducing norms and best practices for sovereign lending and borrowing. {Orderly debt work-out procedures – which should help countries facing difficulties in servicing their obligations and provide mechanisms to facilitate an equitable and prompt restructuring of debt when required – merit further attention as part of a strengthened multilateral debt architecture (EU, G77&CHINA).}{EU delete} (JZ delete para)~~

54. **Today (JZ) Official development assistance (ODA) is one of ~~many~~ major (China) sources of development financing and can play a catalytic role in development in many countries (JZ). continues to provide an important source of assistance and financing for many developing countries (JZ) and economies in transition (Group D), especially those with restricted access to financial markets (JZ). [Budgetary constraints in the advanced economies should not be used to justify ODA reductions. Rolling back assistance and retreating from global solidarity when many developing countries are unlikely to meet the Millennium Development Goals (MDGs) by 2015 and remain vulnerable to large external shocks, are nearsighted policies (JZ). We invite (JZ) Donors–Developed countries (G77&CHINA) should therefore who have committed to targets to (JZ) continue to aim to increase ODA contributions to the a (JZ) 0.7 per cent of gross national income target, as reaffirmed at (G77&CHINA, JZ) in line with the Millennium Summit,(G77&CHINA, JZ) (Group D delete)] relevant internationally agreed documents (G77&CHINA). At the same time, we recognize that aid effectiveness is critical, particularly mutual accountability and transparency, and an approach that measures results, not outputs (JZ). (EU delete para)**

54alt. Official development assistance (ODA) continues to provide an important source of assistance and financing for many low-income countries, especially LDCs, and economies in transition, (Group D) in their pursuit of the Millennium Development Goals (MDGs). ODA also plays an important catalytical role in leveraging financing for development from other sources. Donors should respect their ODA commitments, as reaffirmed at the 2010 High-Level Plenary Meeting on the Millennium Development Goals. (EU)

55. **One of the objectives of the (G77&CHINA) {Reforms to of (G77&CHINA) the international economic architecture should is to (G77&CHINA) complement and support }{JZ delete} domestic efforts to achieve development goals including createing (G77&CHINA) sustainable social economic self-reliance, decent (EU) employment, reduceing (G77&CHINA) poverty and achieveing (G77&CHINA) more inclusive outcomes. These efforts require enhancing domestic demand as an engine of growth. (EU) {Boosting domestic demand and employment generation is more likely where productivity gains are distributed fairly between labour and capital. It is the ~~experience and~~ (EU) expectation of rising demand, rather than a reduction in unit labour costs, which drives investment in new or enhanced productive capacity. Such investment is a precondition, in**

many developing countries, for the absorption of surplus labour into new productive activities} {**JZ delete**}.

56. A supportive policy framework requires effective labour market regulations and low real interest rates, thereby providing favourable financing conditions for investment in fixed capital. While high inflationary pressures need to be contained, monetary and fiscal policy must also consider wider macroeconomic concerns. In the midst of the recent financial and economic crisis, many governments have used countercyclical fiscal policy to stabilize aggregate demand and support employment. The principles underlying these policy decisions could serve as a basis for a revised approach to fiscal policy. **(EU, JZ, Group D delete para)**

57. In addition to policies covering wages and formal **decent (EU) employment work (JZ)**, measures ~~are also needed~~ **can help (JZ)** to address the needs of informal workers, unemployed people, **especially the young (EU)**, and pensioners. ~~Such (EU) measures such as building up basic social protecting floors, a concept developed by ILO (EU), have proven to~~ **can (JZ)** be important tools for improving the livelihoods of marginalized or vulnerable social groups ~~and stabilizing economic development (EU, Mexico) (JZ delete)~~. **(Group D delete para)**

58. Regional cooperation can support national development strategies, ~~and (EU, JZ) reduce external vulnerabilities, and in some cases complement the global economic governance system (Mexico) and, in some cases, fill existing gaps in the global economic governance system (EU, JZ)~~. By deepening economic integration, a series of mutually beneficial ties can be built across economies at different levels of development within a geographic region.

59. The past few years have seen an increased interest in financial and monetary cooperation among developing countries as one way to better manage private international capital flows, especially for coping with the **potential (JZ, G77&CHINA)** risks from speculative short-term flows. **(JZ delete para)**

60. In addition to providing an effective defense mechanism against shocks and contagion, regional monetary and financial cooperation can also promote and accelerate development. This can take various forms and employ different instruments, including the provision of long-term financing to participating countries through regional development banks and the creation of regional capital markets, as well as the use of domestic currencies and regional clearing mechanisms to facilitate intraregional trade payments and short-term financing for countries facing balance-of-payments problems. Moreover, regional arrangements for exchange-rate management among member countries can be an important element in the process of creating a common market. **(EU, JZ delete para)**

61. ~~In addition to expanding intraregional and interregional trade and capital flows, (JZ) developing countries should also (JZ) investigate innovative areas of policymaking at the regional level and through South-South cooperation (JZ) that could support diversification of their economies. This could, for example, take the form of [common regional infrastructure projects (JZ)] [infrastructural and (G77&CHINA) regional common (EU) industrial projects policies (EU)] and common undertakings in research and development, knowledge generation and information dissemination.~~

62. The ~~gravity severeness (EU) of the current state of the global economy makes it essential (JZ) that an intensified policy (EU, JZ) [to pursue a continued (EU)] [requires the continuation of the policy (JZ)] dialogue on pending reforms continues at all levels (EU)~~. Global realities can still provoke a retreat into protectionism {and economic unilateralism. Consequently, responses going to ~~the core of the issues and attempts to (EU) forge a new consensus putting supporting (EU) development, convergence and stability as the overriding goals of cooperation (EU) are urgently needed.~~} {**JZ delete**} The task is to

create an enabling environment that can ~~sustain~~ **contribute to (EU) growth and sustainable (EU) development in light of the big challenges that are posed by the twenty-first century. (EU)**. Moreover, ~~the reform of the global economic system should also provide the policy space necessary for developing countries to, (EU, JZ) in conformity with their obligations and international commitments, (Mexico) pursue nationally owned and integrated development policies that will, in turn, lead to a more effective global partnership for development (EU, JZ).~~ **(Group D delete para)**

B. The role of UNCTAD

63. In assisting countries to maximize their development potential, UNCTAD should ~~provide share (JZ) policy best practices (JZ) ideas (G77&CHINA, JZ) and options analysis and technical assistance (G77&CHINA)~~ in order to contribute to accelerated growth and sustainable and inclusive development. {In particular, UNCTAD should play a crucial role in analysing current global economic challenges, ~~and (G77&CHINA) presenting solutions to address them and provide technical assistance to affected developing countries (G77&CHINA)~~ } **{JZ delete}**. Its work programme should address the following: **(EU delete para)**

63alt1. Within its core mandate, its existing capacities and resources, ~~and without prejudice to in a coordinated manner with (Mexico) the work and mandate of other international organizations, UNCTAD should~~{, in assisting developing countries, in particular countries in Africa, least developed countries, low income countries and small island developing States to maximize their development potential,}**{Group D delete} contribute to accelerated growth and sustainable and inclusive development, continue continuing (Group D) to {carry on out (Group D) research and analysis to promote policy dialogue in the following areas}{Mexico delete}: (EU)**

63alt2. UNCTAD's activities should be delivered within its core mandate, within its existing capacities and resources, and without prejudice to the work and mandate of other international organizations. These activities should deliver tangible results for specified needs and with measurable impact. In this regard, UNCTAD should: **(JZ)**

(a) ~~How international economic relations and (JZ) domestic policies can enhance the enabling economic and social (EU) environment, based on good governance, regulatory framework, infrastructure, gender equality and human capital (EU), at all levels (JZ) in promoting trade and in (EU) supporting (EU) of inclusive and sustainable development and ensure that everyone, especially the poor and vulnerable, developing countries, particularly LDCs (EU) benefits (EU) from growth and economic development, and address the needs of the poor and vulnerable groups in their societies (Mexico);~~

(a)bis UNCTAD should *continue to (JZ) provide analytical and technical support in social protection within its mandate for developing countries which are emerging from political crisis and conflicts, amongst others, in areas such as social protection for developing countries, (JZ) in particular African countries and LDCs, which are emerging from political crisis and conflicts, and propose accompanying solutions and programmes intended to assist them in the development and economic progress so as to ensure sustainable and inclusive development (JZ); (G77&CHINA) (EU delete para)*

(b) The root causes and effects of the global financial and economic crisis and draw conclusions that help prevent their future recurrence. It should also continue its research and analysis of the international financial and monetary system and price volatility of commodities, and it should propose recommendations to address the problems in financial

markets that result in macroeconomic instability, distortions of international trade and increased levels of poverty and inequality. UNCTAD should consider, within its areas of competence, the need to improve the coherence and governance of the international monetary, financial and trade systems, including more effective participation of developing countries; (G77&CHINA will propose amendments as the negotiations progress) (EU, JZ delete para)

(b)alt. Price volatility of commodities, including food products, and commodity dependence, thereby supporting commodity-dependent countries in formulating sustainable and inclusive national development strategies. Such strategies should contribute to the sustainable development of commodity sectors, promote moving up the value chain, integration into the global supply chain, and promote transparency and accountability issues surrounding investment in and management of natural resources; (EU)

(b)bis UNCTAD should provide technical assistance to regional cooperation organizations to mitigate and reduce the cost of financial and economic crisis in developing countries and promote their sustainable development; (G77&CHINA) (EU, JZ, Group D delete)

(c) How issues of debt and finance can be addressed globally. In so doing, contribute to the multilateral process, including through research, especially in relation to sovereign debt restructuring, expansion of multilateral financial resources, and the elimination of policy conditionality in connection with adjustment and crisis lending. Maximum synergy should be sought among the three pillars. (EU, JZ delete para)

(c)bis1 (formerly 64(e)bis) To continue providing technical assistance and support for developing countries in building national capacities through the Debt Management and Financial Analysis System (DMFAS) programme, in cooperation with the International Monetary Fund, the World Bank and other stakeholders; (Agreed)

(c)bis2 How to achieve the effective integration of developing countries, in particular LDCs, as well as countries with economies in transition, into the multilateral trading system; (Agreed)

(d) How to stimulate economic diversification and promote value-added production, including through investment, with a view to creation of decent work for all, particularly women and youth; (JZ)

(e) In the agricultural sector, promote small-scale farmers, including women and indigenous people, access to local and global agri-food markets, as well as the necessary investment to increase the productive potential and tackle the issue of food security. (Mexico) (G77&CHINA, JZ → sub-theme 3)

64. DELETED

~~(a) Actively contribute to the follow-up mechanisms of the United Nations Conference on World Financial and Economic Crisis and its Impact on Development, and provide recommendations for the implementation of its outcome document. It should also offer expert advice rooted in the development dimension in (EU, JZ) follow up in the trade- and development-related aspects of to other (JZ) major international development conferences;~~

~~(b) {Enhance Continue to (EU) support to (EU) developing countries, especially the LDCs (EU), and countries with economies in transition (Group D) by monitoring [the development of (EU)] [the trends in (Group D)] international trade and, for LDCs, by actively participating in the Enhanced Integrated Framework for Trade-Related Technical Assistance from a development perspective, and by (EU)} {JZ delete}~~

{addressing ways of more equitably integrating ~~them~~ **developing countries (JZ)** into the global economy and the international trading system, given the need for a strong, predictable and equitable multilateral trading system}{EU delete};(G77&CHINA delete)

(b)alt Further intensify its contribution to the Enhanced Integrated Framework (EIF) for Trade-Related Technical Assistance to LDCs. UNCTAD, in collaboration with other agencies, should contribute to strengthening in-country capacities to facilitate mainstreaming of trade into LDCs' national development plans and their effective integration into the multilateral trading system; (G77&CHINA) (EU, JZ delete)

(b)bis UNCTAD should assist developing countries affected by imposed unilateral economic, financial or trade measures, which are contrary to international law and WTO rules and make appropriate policy recommendations to respond and prevent such measures; (G77&CHINA) (JZ, EU delete subpara)

(b)ter Continue technical assistance to developing countries, in particular LDCs, in the area of international trade in goods – including trade facilitation – services and commodities, and help them to develop and open their markets free of restrictions to international trade (exports and imports) and in accordance with their development levels and in line with the WTO rules; (EU)

(c) Continue to assist developing countries to improve their statistical capacity in the area of trade and development; (Agreed)

(c)bis1 Intensify its interaction with academic and research institutions, especially through the Virtual Institute and the Global Network of Development Think Tanks, to strengthen the development of local teaching and research capacities in member States and foster links between researchers and policymakers; (Agreed)

(c)bis2 To maximize investment's contribution to development, UNCTAD must sharpen its focus on how developing countries can attract, facilitate and maintain private investment, both foreign and domestic. UNCTAD should support private-sector-led growth and development to reduce poverty and achieve development aims; (JZ)

(c)ter Building on its prior analyses, UNCTAD should pursue this objective by identifying successful and replicable models among LDCs and other developing countries for achieving high investment rates in full recognition of its own conclusions that LDCs may face unique challenges, and in many respects cannot follow the same development pace as emerging economies. UNCTAD also should more fully examine the relationship between increases in foreign direct investment (FDI) and the availability of human capital within LDCs; (JZ)

(c)quater UNCTAD should assess the growing impact of State-owned and State-supported enterprises on domestic investment climates and competitive conditions in developing country markets. UNCTAD's analysis should determine the extent to which discriminatory or preferential policies are affecting the ability of private-sector firms, domestic or foreign, to compete on equal terms on the global market; (JZ)

(c)quinquies UNCTAD should consider the linkages of economic, environmental and social considerations in decision-making; (JZ)

(c)sexies Continuing the technical assistance, research and analysis and dialogue on trade facilitation, transport and related issues, taking into account geographical constraints that may have negative impacts on trade; (JZ) (G77&CHINA move to ST3 101dbis)

(c) ~~septies~~ Continuing the work, *alongside relevant organizations*, (Mexico, G77&CHINA) on small and medium enterprise (SME) development, including identifying measures ~~to enable SMEs to comply with international standards~~, (Mexico, G77&CHINA) (EU, JZ retain) to build their technological and innovation capacities and to enhance their participation in global supply chains; (JZ, G77&CHINA move to ST4)

(d) Maintain course in supporting the Palestinian people along the lines of the Accra Accord, ~~taking into consideration the new realities~~ (EU); (G77&CHINA delete subpara)

(d)alt UNCTAD's programme of assistance to the occupied Palestine territory is welcome and should be strengthened with adequate resources and extended operational activities as part of the international community's commitment to Palestinian State-building efforts and to alleviate the adverse economic and social conditions in the occupied Palestine territory, with the view to: (i) creating the conditions conducive to building an independent, sovereign and economically viable Palestinian State in accordance with the relevant United Nations resolutions; and (ii) reversing the debilitating impact on economic structures of the prolonged foreign occupation and siege, which are the obstacles to national and international development efforts; (G77&CHINA) (EU delete subpara)

(e) UNCTAD should assist countries to understand the important aspect of safety nets, the role of safety nets in developing policy, and how safety nets could help governments make sound policy decisions in macroeconomic, trade, labour and many other sectors. These include assisting countries concerned with social policy in understanding why they need to implement social assistance programmes, what kind of safety programmes will serve them best, and how to develop such programmes for maximum effectiveness in order to support inclusive and sustainable development; (G77&CHINA) (EU, Group D delete subpara)

III. Sub-theme 2 – Strengthening all forms of cooperation and partnerships for trade and development, including North–South, South–South and triangular cooperation

A. Policy analysis

65. Given the ongoing (Mexico) changes and challenges (G77&CHINA) in the global landscape and given the fact that [poverty and inequality persist, (Mexico) (EU delete)] [and dynamics (EU) over the last two decades, (Mexico) delete] as well as the specific challenges since the [financial crisis,] (EU) (G77&CHINA retain)] the international community must encourage all forms of (Chair) ~~renew its approach of partnerships and cooperation and renew its approach of and [strengthen (G77&CHINA retain) (EU delete)] partnerships (Chair) for development. devise fresh forms of partnership and (EU) cooperation and [renewed strengthened partnerships for (G77&CHINA) development partnerships (G77&CHINA) (Mexico) It is important to that (G77&CHINA) promote accelerated stable economic growth and greater openness, and the wider aims of] [new approaches for growth and (EU)] [delete EU proposal [Mexico, G77&CHINA] inclusive and sustainable development. Greater coherence among economic, trade, financial, social and (G77&CHINA) environmental policies, and as well as further (G77&CHINA) improved governance at all levels are essential for inclusive and sustainable development [this outcome to materialize. (EU) (G77&CHINA delete)] [Strengthened (G77&CHINA) (EU delete)] [New (EU) (G77&CHINA delete)] [(China, Mexico, G77&CHINA) pending acceptance of 1st~~

sentence)] **partnerships for development** will have to ~~strengthen~~ **enhance** (G77&CHINA) relationships between the private and public sectors across different countries at varied levels of economic development. (JZ delete para)

65bis. The gap between developed and developing countries remains very large, and if current trends persist, it will take many decades before there is a real convergence in average income levels between North and South. In this sense, ~~the role of (Mexico) North-South cooperation remains the main form of (Mexico) essential, and developed countries still should take the primary responsibility in (Mexico)~~ international development cooperation. (G77&CHINA) (EU, JZ delete para)

65ter. South-South cooperation is a manifestation of solidarity among developing countries both politically and economically that results from shared experiences and affinities, and should not be seen as ODA. It is based on common objectives and solidarity, and is guided, among other things, by the principle of respect for sovereignty, free of any conditionality. In this regard, the principles of South-South cooperation, as set out in the United Nations High-level Conference on South-South Cooperation in Nairobi in 2009 and other relevant conferences, should be reaffirmed. South-South cooperation does not replace but rather complements North-South cooperation and along with triangular cooperation, may contribute to inclusive and sustainable growth and development. (G77&CHINA) (EU, JZ delete)

65quarter. As a result, donor countries should strive to increase aid flows over and above what the historical trend has been, and meet the commitment to bring the amount of ODA to the United Nations target of 0.7 per cent of gross national product. (G77&CHINA) (EU, JZ delete)

66. DELETED

66alt. Cooperation in support of inclusive and sustainable growth and development can help focus the national and international efforts on the challenges of building productive capacities and structural transformation. (Agreed)

66bis. **An effective global regulatory regime in support of development-centred globalization will need to strengthen and harmonize collective rules and actions in some areas, particularly in finance, even as it aims to expand national policy space.** (G77&CHINA) (EU, JZ delete)

67. The pattern of international trade, to a large extent, depends on varying resource conditions and existing productive capacities across countries and underlying market pressures. ~~But~~ (EU) it can also contribute to fostering cooperation and building new partnerships by linking production processes across borders, spreading technology and ultimately contributing to shared economic growth. ~~Still, international trade has not yet fully realized its development potential (Group D) particularly in terms of supporting the MDGs, and especially in regard to reducing poverty and inequality (EU, Group D). In this regard, duty-free quota-free market access for LDCs can constitute an important tool. (EU) (G77&CHINA, JZ delete para)~~

67alt. International trade contributes to fostering international cooperation and partnerships by linking production processes, *dissemination of know-how* [~~spreading technology~~ (JZ) (G77&CHINA retain)] and ultimately contributing to shared economic growth. [~~Still, (JZ) (G77&CHINA retain)] international trade can (G77&CHINA) has not yet fully realized its vast potential in terms of supporting makes a significant (G77&CHINA) contribution to achieving (JZ) the MDGs, but has not yet fully realized its vast potential, (G77&CHINA) especially in regard to reducing poverty and inequality. In this regard, duty-free quota-free market access for LDCs can constitute an important tool. (G77&CHINA) This is a problem shared by many~~

~~developing countries. Therefore, There is a the (JZ) need to better understand the implications of international trade for vulnerable people and how its benefits could be harnessed to achieve the MDGs. (G77&CHINA) how the benefits the implications of international trade could be harnessed to achieved the MDGs. (JZ) for vulnerable people is essential in order to adjust trade policies and international support measures so that the benefits from trade are more widely shared. (JZ) (G77&CHINA)~~

68. [In recent years, ~~cooperation aid (G77&CHINA)~~ programmes have focused increasingly on social outcomes. ~~At the same time,] (EU, JZ delete) *It (EU) is important through effective development cooperation to assist developing countries, in particular LDCs including assisting countries (G77&CHINA) in moving to a position where they can mobilize their own resources for sustainable (EU) development, create new productive capacities (G77&CHINA) and diversifying (G77&CHINA) their economic structure (JZ, EU delete to end) [while securing the protection of natural resources and its sustainable use. (G77&CHINA)] [As such, the delivery of aid any aid programme for development should be based on the fundamental principle of recipient ownership. (G77&CHINA)]*~~

68bis. ~~Aid programmes should not be subject to any conditionality and should be integrated with national development strategies. They {Aid and (G77&CHINA)}{JZ, EU delete} Cooperation programmes should be aligned with national development strategies (JZ, EU) based on ~~country ownership (JZ) and reflect mutual responsibility and accountability {and should not be subject to conditionalities. (G77&CHINA)}{JZ, EU delete}~~~~

69. DELETED

69alt. ~~In this context, (G77&CHINA, JZ) the idea of (JZ)“Aid for Trade” initiative (JZ, EU) (Aft) has gained prominence in the international aid discourse since it was introduced at in 2005 [World Trade Organization Ministerial Meeting in Hong Kong (China).] [EU retain] and mobilized significant global support and resources for trade-related development assistance.(JZ) This initiative recognizes that developing countries, and especially LDCs, need targeted financial support to fully benefit from international trade, including e.g. by (G77&CHINA) building productive capacity and trade-related skills and infrastructure. {[helping them adjust to increase trade openness.]} [EU] {G77&CHINA delete} Reaching these objectives requires adequate [funding and appropriate trade and industrial policy] [EU delete] [trade capacity] [EU] ~~capacity (G77&CHINA) in developing countries, particularly LDCs, as well as greater prioritization of Aft in their national development strategies. It is (G77&CHINA) also requires important (G77&CHINA) that recipient countries mainstream trade issues in their overall development strategies. [to ensure coherence between trade and development.] [G77&CHINA delete] Aft has to be efficient and outcome-oriented (EU, JZ) [and should include new funding in excess of current aid commitments.] (G77&CHINA) [EU delete]~~~~

70. Regional integration, complemented by interregional cooperation, can help developing countries harness closer trade links in support of inclusive and sustainable growth and development. Initiatives include regional trade and investment arrangements in Africa and Latin America, and the creation of regional production networks across Asia, including some LDCs. Regional integration, including regional trade agreements (RTAs), should bolster productive integration and support economic diversification, especially in the LDCs and LLDCs. Regional trade agreements should be consistent with the multilateral trading system to improve market access. (Agreed)

71. Beyond these regional arrangements, ~~{the emergence of new growth poles in the South (EU, JZ) the rapid growth of (JZ) emerging economies (EU, JZ) can be (EU) further~~

~~(JZ) leveraged in support of more (EU) widespread developmental gains through South-South integration, including opened markets (JZ) and cooperation. (EU) (G77&CHINA delete) {South-South integration and cooperation can also be important for more widespread developmental gains. (G77&CHINA) (JZ delete)}~~ Since the turn of the millennium, new institutional arrangements have emerged among developing countries to discuss **cooperate towards (JZ) mutual needs and challenges, and to extend cooperation.** ~~In contrast with traditional North-South cooperation, South-South initiatives, including the cooperation of economies in transition and the South (JZ) {South-East dimension (Group D) (JZ delete)}~~ involve countries with shared development challenges and suggest more equal relationships between participating countries. **(EU, JZ) While North-South cooperation is established, South-South cooperation is a growing and dynamic phenomenon, aiming at bringing new opportunities and sharing experiences and lessons learned in the pursuit of economic and social development, including the achievement of the MDGs. South-South cooperation, together with triangular cooperation, represent an instrument that can increase the efficiency of aid. (EU)**

~~72. Trade and investment patterns have already shifted in this direction leading to a renewed confidence in the economic possibilities of [the emerging South] [emerging economies. (JZ)] (G77&CHINA) There is considerable scope for developing countries, particularly LDCs, and low-income countries, (G77&CHINA) as well as countries with economies in transition (Group D, JZ) to exploit their growth potential through the dynamism of South-South trade and investment. The success of the São Paulo Round of Global System of Trade Preferences (GSTP) negotiations constitutes a historical breakthrough in the South-South trade policy environment (EU, JZ). [Moreover, many developing countries continue to rely heavily on the developed countries for markets and capital and remain vulnerable to changes in policy and economic conditions there. The impact of the Northern debt crisis on developing countries will accordingly need to be monitored carefully.] (G77&CHINA) [EU, JZ delete]~~

~~73. The resilience to the crisis to date has been uneven (G77&CHINA) in parts of the developing world has added to that growing confidence and raises hopes of a prolonged period of narrowing global economic gaps. However, to date, this has been uneven, (G77&CHINA) with large differences remaining between developing regions and (JZ) among individual countries and within countries; (JZ, Mexico) many of the LDCs have seen the income gap between them and other countries widen further during the past two decades. Fragile States, in particular, have made little progress toward achieving MDGs. (JZ) [Moreover, many developing countries continue to rely heavily on the advanced economies for markets and capital and remain vulnerable to changes in policy and economic conditions there. (EU, JZ)~~

73bis. In the recognition of the new reality of the global economy, all forms of open and inclusive cooperation should be encouraged. Emerging economies provide new markets for developing countries as well as new sources of foreign direct investment and development assistance. We encourage productive private investment and trade among developing countries supported by effective aid to strengthen the conditions for growth. (JZ) (G77&CHINA delete)

73ter. The importance of applying the Paris Principles on Aid Effectiveness and the Busan Partnership for Effective Development Cooperation for all donors, including emerging economies, as well as recipient countries, needs to be emphasized. (JZ) (G77&CHINA delete)

73quater. Emerging economies and economies in transition play an increasing role as development partners for developing countries and LDCs. (JZ) (G77&CHINA delete)

74. Interest in South–South cooperation goes well beyond the trade sphere. ~~Successful~~ **Some (G77&CHINA, JZ) developing countries, especially emerging economies, (EU)** have accumulated a wide range of **successful (G77&CHINA)** policy and governance experiences from which other developing countries can learn. Capacity-building ~~in support of (EU) developmental States (EU, JZ, Group D) for development (Group D, JZ)~~ should become an important component of South–South cooperation, ~~as this is an area where it has distinct advantages over traditional forms of development cooperation (EU, JZ).~~ South–South cooperation can also contribute to increasing investment flows and **[dissemination of (EU) technology (JZ) transfer (EU)] [know-how (JZ)].**

75. **South–South ties can also contribute to addressing (JZ)** Many of the new ~~threats~~ **obstacles (JZ)** to inclusive growth and development ~~can also be addressed through stronger South–South ties (JZ).~~ They include food security, where scaling up of agricultural extension and support services, ~~improving water management,~~ (Canada) and strengthening research and development, can benefit from sharing experiences among developing countries. ~~Other areas where South–South cooperation opens up new possibilities include climate adaptation and improved response to natural disasters. In such cases (JZ), new partnerships, such as those involving triangular cooperation, can be used to support more effective action, as has already been the case in areas such as agricultural development and renewable energy. However, because these new challenges require large-scale investment and new technologies, South–South cooperation can (EU, JZ) only (EU, JZ, Group D) complement North–South cooperation and other, more traditional, forms of cooperation. (EU, JZ) (G77&CHINA delete para)~~

75alt. Many challenges to inclusive growth and development can also be addressed through stronger South–South cooperation. ~~These include food security, agricultural production, water management and improved response to natural disasters. (Chair) in areas such as food security, agricultural production, water management, renewable energy, climate change and improved response to natural disasters. (Chair) Triangular cooperation can also (Mexico) be used to support more effective action [in these areas, (EU delete)] (Mexico) as has already been the case. However, because addressing these challenges require large-scale investment and new technologies, South–South cooperation can only complement North–South cooperation and other more traditional forms of cooperation. (G77&CHINA)~~

76. ~~(G77&CHINA → to sub-theme IV) New Strengthened (G77&CHINA, JZ) partnerships for development (G77&CHINA, JZ) are also forming in the private sector. The competitive dynamics of global value chains have led to an increasing use of non-equity modes (NEMs) of operations by transnational corporations (TNCs) such as international outsourcing of production, cross-border provision of services, (EU, JZ) the licensing of knowledge to host-country companies, and (JZ) management contracts and franchising. {Inasmuch as NEMs require the participation of domestic enterprises with significant productive capacity, they hold out the strategic opportunities successfully used by some developing countries in the past, as East Asia exemplifies (G77&CHINA), so as to make their relations with TNCs work for development.} (EU, JZ delete)~~

77. ~~(G77&CHINA → to sub-theme IV) {[While developing-country partners enterprises (G77&CHINA) within production networks seek to benefit from the higher productivity levels and greater technological know-how of foreign affiliates, the desired spillovers are not automatic. This is especially so in the case of assembly-type activities, where the absorptive capacity of local companies is often insufficient.]}(EU, JZ delete) [Partnerships within production networks often seek to benefit from the higher productivity levels and greater technological know-how of foreign affiliates, and this might lead to spillover effects. However, this is not always so and especially not in the case of assembly-type activities, where the absorptive capacity of local companies is often~~

~~insufficient.] (EU). Failure to address such weaknesses has given rise to concerns of a “middle income trap”, since several~~ (JZ delete) **International cooperation should continue to be supportive of the development efforts of middle-income countries, taking into account their specific needs and priorities since (Mexico, Af.) Some (JZ) countries have moved into the labour-intensive slices of the global value chains but have found it difficult to further develop the technological infrastructure needed to support the growth of larger domestic firms which could sustain upgrading and productivity growth.**

78. (G77&CHINA, EU → to sub-theme IV (EU 103bis)) In the area of investment, the system of international investment agreements (IIAs) has become increasingly large ~~and complex, including both traditional investment treaties and investment provisions of economic integration agreements (JZ). To make this system function in a way that is more efficient and conducive to strong sustained growth and development, there is a need for~~ **The (JZ) international sharing of experiences and best practices on key issues relating to the negotiation and implementation of these agreements is highly desirable, (JZ)** with a view towards effectively harnessing the sustainable development potential of FDI.

78bis. Developing countries and LDCs in particular have been negatively affected by the unfolding financial crisis in the developed world. As the crisis is deemed to disproportionately and unfairly undermine the developing countries’ ability to integrate in the world economy, it is of the utmost importance that the developed countries strengthen their commitment to support the developing countries through aid, cooperation and technical assistance. Therefore, the financial crisis in the developed countries should not serve as an excuse for the developed countries to retreat from their commitments, but rather give rise to a deepened understanding of the need for strengthened solidarity and renewed commitment on the part of the developed world towards the developing countries, especially the LDCs. (G77&CHINA) (JZ, EU delete)

B. The role of UNCTAD

79. ~~Placing the global economy on a stronger footing will require strengthening cooperation and partnership in support of more inclusive development. (EU, Group D) UNCTAD activities should be delivered within its core mandate, within its existing capacities and resources, and without prejudice to the work and mandate of other international organizations. These activities should deliver tangible results for specific needs and with measurable impact. In this regard, UNCTAD should: [technical cooperation should deliver tangible results at the interregional, regional and national levels and be planned and implemented in a geographically balanced manner (JZ delete)] (Group D). UNCTAD in this regard {Within its core mandate, within its existing capacities and resources, and without prejudice to the work and mandate of other international organizations, (JZ)} UNCTAD (EU) should:~~

(a) ~~Conduct activities under its three pillars research and analysis (EU) in support of new mechanisms and tools (G77&CHINA, EU, JZ) to [enhance the level and pace effectiveness (EU, JZ)] [and the efficiency (JZ)] of all forms of cooperation and partnerships for trade and development, including (Group D) South-South, (G77&CHINA, Group D) North-South, South-South, (G77&CHINA, Group D) with its [South-East dimension, (Group D) cooperation between economies in transition and the South (JZ)] and triangular cooperation, taking into consideration the conclusions of the Busan Conference and the Cannes G20 Declaration (EU, JZ) [including the work (JZ)] (G77&CHINA) {.~~ It should intensify continue (JZ) work (G77&CHINA delete) on how the dynamism of South-South trade and investment (G77&CHINA, EU) flows can optimize development gains of developing countries,

particularly LDCs and low income countries. (G77&CHINA, JZ) {In particular, it should enhance continue (Group D) supporting (Group D) in servicing the GSTP,}(JZ delete) {and (G77&CHINA) regional monetary and other (G77&CHINA) arrangements.}(EU, JZ, Group D delete) (maintain order South-South, North-South JZ, EU)

(a)bis Provide a platform for knowledge exchange, peer learning and coordination among South–South cooperation actors as a means of facilitating access to important knowledge pools by developing countries. In this context, UNCTAD should collect data on South–South cooperation – including more information coming from emerging partners economies (JZ) – and use it to analyse the impact of South–South trade and market opening strategies for least developed countries and low/income countries; (EU)

(b)Take Play (JZ) a proactive constructive (JZ) role in addressing issues pertaining to studying (JZ) North–South, South–South and triangular (JZ) cooperation in trade and development its broadest and most constructive sense, including anchoring North–South engagement on an equal footing in all areas of global economic policymaking. This should include the conduct of research and other activities to address issues of systemic participatory imbalance in global economic policymaking (JZ); (EU, JZ delete para)

(b)bis UNCTAD should analyse in a systemic way the impact of the Northern debt crisis on developing countries. This should include the conduct of an annual independent, comprehensive assessment of the implications of the financial crisis in the developed countries for North–South cooperation and the achievement of the MDGs, especially in the case of LDCs. The findings of this report should be the subject of an annual dedicated session of the Trade and Development Board that should be entrusted with the responsibility of promoting consensus on the actions to be implemented and their monitoring; (G77&CHINA) (EU, JZ delete para)

(b)ter Analyse South–South cooperation, regional integration and subregional efforts and analyse their contribution to development, diversification of national economies and build up of infrastructures within and between developing countries. In this context, UNCTAD should continue to facilitate knowledge exchange and peer learning.

(c) (Group D, G77&CHINA → sub-theme IV, para 101) Assess Analyze (EU, Group D), on the basis of country (Group D) case studies, the implications [effects (EU)] [impact (Group D)]of regional (Group D) trade liberalization and FDI (EU, Group D) on development (EU) on poverty reduction, income inequality, job creation (EU) and income growth in African countries, the LDCs, LLDCs and small island developing States and economies in transition (Group D); (G77&CHINA will propose amendments as the negotiations progress) (JZ delete para)

(c)bis Analyse the role of emerging economies on poverty reduction, income inequality and income growth in *developing countries, in particular LDCs and in the African region, and economies in transition*. ~~African countries, the LDCs, LLDCs, LICs, small island developing States, and other structural weak, vulnerable and small economies, and the economies in transition~~ (JZ); (EU) (G77&CHINA delete para)

(d)Assist the LDCs in assessing progress towards resource mobilization, economic diversification, and competitiveness in support of their national development strategies; (Agreed)

(e)Support the implementation of the Istanbul Programme of Action, in the areas of trade, development and interrelated issues in the areas of finance, technology, investment and sustainable development which resulted from the Fourth United Nations Conference on the Least Developed Countries (LDC–IV); (Agreed)

(e)bis Continue to provide research and analysis and facilitate the sharing of best practices to help enhance the effectiveness of triangular cooperation; (Agreed)

(e)ter **The analysis and research on good practices, bilateral and regional experiences, lessons learnt and implications for policymaking including in the context of WTO-consistent free trade agreements, and how such arrangements can be used to optimize development gains from new trade flows, should be improved; (JZ)**

(e)quarter **In cooperation with the WTO and OECD, UNCTAD should gather statistical material on South–South and triangular cooperation in order to better understand the phenomena and trends in this regard; (JZ)**

(e)quinqüies **Enhance cooperation with other ~~key relevant~~ (EU) trade capacity-building organizations, particularly the *United Nations inter-Agency cluster on trade and productive capacity* (Mexico) {WTO, OECD, ITC, EIF, UNIDO, ILO, ACWL, *World Bank* (EU) and UNDP; (Mexico delete)} (JZ)**

(e)sexies **Addressing the opportunities and challenges of the growing South–South cooperation, in particular between emerging economies and other developing countries, including LDCs, by assisting them to mainstream South–South cooperation into their national development strategies and to gear it towards the development of productive capacities; (JZ)**

(f) Examine the challenges facing countries once they graduate from the category of LDCs to better focus continuing efforts to promote their development, **and to create ~~the right an effective~~ (JZ) economic and legal framework and strengthen their institutional capacity in the field of trade and investment** (EU). This could include developing better measures of productive capacity–building and development, a better understanding of the realities facing ~~{middle-income~~ (Mexico retain); (JZ) developing countries, with a view to addressing their concerns and the need to provide graduating LDCs a clear and attractive post-graduation environment. ~~UNCTAD should consider these important questions in light of ongoing discussions of the post-2015 development challenge~~ (EU, JZ, Group D); (G77&CHINA delete subpara)

(f)alt1 **Assist LDCs to face effectively the challenges and concerns of graduating from the category, to better focus efforts to promote their development, and to create the right economic and legal framework and strengthen their institutional capacity in the field of trade and investment** (EU) to provide graduating LDCs with a clear understanding of their post-graduation environment; ~~, this would require a better understanding of the realities facing middle-income developing countries~~ (Mexico) (G77&CHINA) (G77&CHINA will add language on smooth transition and post-graduation of LDCs)

(f)alt2 UNCTAD, in collaboration with other UN agencies, should contribute to the work of the ad hoc working group established by the UNGA by inter alia developing vulnerability profiles for potentially graduating LDCs and by developing a strategy for smooth transition as a built in agenda for the graduation process of LDCs. UNCTAD should also continue to monitor progress of LDCs towards graduations thresholds with a view to identifying challenges ahead for action at national and international levels. (G77&CHINA)

(g) Explore ~~new and innovative~~ (JZ, EU, G77&CHINA) ways to maximize the development impact of ~~a~~Aid for Trade (JZ, EU), ~~especially at a time of dwindling resources.~~(EU) UNCTAD ~~should consider assessing progress towards nationally owned development strategies and the role of recipient led aid management.~~ (JZ, EU) In this regard, UNCTAD should work on progress towards **results-based** (JZ, EU) ~~aid the~~ (G77&CHINA) effectiveness of aid (G77&CHINA) *for trade* (EU) which is measured

especially (G77&CHINA) in terms of its development impact from the perspective of recipient countries, consistent with member States' wishes to promote strong involvement and ownership of recipient countries in the distribution and management of aid **for trade**; (EU)

(g)bis UNCTAD should undertake analytical review on whether there is sufficient involvement and countries' ownership and leadership in the allocations and management of ODA, and in this context, consider developing tools to help ascertain that aid is aligned with nationally set priorities and programs and thus contribute to national and international efforts to enhance impact of development aid. (G77&CHINA)

(h) Undertake research and analysis on public-private partnerships in the development context, with the aim of mapping out best practices as well as evaluating models of public-private partnerships that can help to establish linkages between local producers in developing countries into global supply chains; (Agreed)

(i) Play an active role in **the Aid for Trade Initiative (EU)** ~~shaping the policies relating to the delivery of North-South aid in order to ensure that such delivery further responds to, supports and reflects the needs and interests of recipient developing countries (EU),~~ **{including in accordance with United Nations targets of official development assistance. (EU delete)}** (G77&CHINA) (JZ delete para)

IV. Sub-theme 3 – Addressing persistent and emerging development challenges as related to their implications for trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development

A. Policy analysis

80. The world economy faces a series of persistent and emerging challenges to stable economic growth and inclusive and sustainable development. **[This calls for the implementation of policies and actions that address these challenges so that we can move towards development-centred globalization.]**

81. There is, however, no universal blueprint for achieving inclusive and sustainable development goals. The institutions and policies required have to be tailored to local capabilities, conditions and needs. ~~As such, development is a challenging process of self-discovery, innovation and adaptation for each nation (G77&CHINA, JZ, Group D). Experiences of emerging economies developed countries (G77&CHINA) may provide useful lessons (EU, JZ). As such, aAn (G77&CHINA, JZ) integrated approach to development policy in an interdependent and open world economy is required to assist policymakers at the national, regional and international levels, and especially in the least developed and most vulnerable (JZ) countries, to identify appropriate responses effective ways (JZ) to these challenges in the areas of trade, finance, technology, investment and strong, promote areas of investment and trade and to contribute to (EU, Group D) inclusive and sustainable development.~~

81bis. **In the current challenging global economic environment, the importance of multilateral trading system is particularly crucial important (JZ) for the revival sustained growth (JZ) of the global economy and ~~reining~~ resisting all forms of protectionism {including export restrictions}{Mexico, G77&CHINA delete} (JZ) in protectionism. {In this context, the impasse in the Doha Development Round would seriously circumscribe the credibility of WTO and its future endeavours. Further**

negotiations based on the mandates multilaterally agreed since *its* (Mexico) ~~the launching of the Round in 2001~~ (Mexico), and on the delicate balance of trade-offs achieved over the last 10 years, should be facilitated with a view to concluding the single undertaking within the shortest possible time frame.}{EU, JZ, Group D delete} (G77&CHINA) [Pending convergence on sub-theme 1, or move to para 44alt]

82. In order to maximize the potential gains from trade and direct them towards inclusive development, developing countries require ~~not just both~~ (JZ) the kind of rules-based, **predictable, non-discriminatory** (Mexico) international trading system, {promoted under the World Trade Organization (WTO) and through regional/, (JZ) bilateral **and** (JZ) preferential trade agreements,}{G77&CHINA delete} ~~but also and~~ (JZ) a **stable conducive domestic** (G77&CHINA) environment that promotes entrepreneurship and job creation. (JZ, EU) {the support ~~and the space~~ (EU) to elaborate sustainable development strategies ~~and~~ (EU) for a better (EU) use of (EU) policy instruments to promote capital formation, **institutional and productive capacity-building, competitiveness,** (EU) technological upgrading and economic diversification, and to manage the adjustments that these imply.}{JZ delete} {In order to make the multilateral trading system truly universal, assistance in the process of accession is important, **particularly with regard to LDCs** (Mexico). ~~The elimination of selective non-economic impediments is important to fully harness trade as an engine of development~~ (EU).}{G77&CHINA, JZ delete}

82alt1. Accession to WTO is an integral part of development strategies of most countries aiming to benefit fully from the international trading system. {In this context, it is important that UNCTAD provide developing countries, in particular LDCs, and countries with economies in transitions that are acceding to WTO, with technical assistance during and in the follow-up to their accession process, depending on the level of development and needs. (Group D)}{position to be discussed → under B. Role of UNCTAD}

82alt2. Accession to the WTO plays a significant role for the acceding countries to achieve their national development goals and to enhance the universality of the multilateral trading system. Moreover, it is an important means for the further integration of developing countries in particular LDCs into the rules-based multilateral trading system. (JZ)

82alt3. [Chair's proposal, merges 82bis, 82alt1, 82alt2, 82ter and basis for current negotiations] Accession to WTO is an integral part of the development strategies of most countries aiming to benefit fully from the international trading system and to enhance the universality of the multilateral trading system. In order to make the multilateral trading system truly universal, assistance in the process of accession is important. It is an important means for the further integration of developing countries, in particular LDCs, *and countries with economies in transition* (Group D) into the rules-based multilateral trading system. {In this context, *it is essential that non-trade related impediments to* (G77&CHINA) ~~elimination of non-economic and discriminatory impediments to~~ (EU) WTO accession ~~is important~~ *be eliminated* (G77&CHINA) to reinforce the integration of developing countries in the world trade system and fully harness trade as an engine for development.} {Developing countries and LDCs that are acceding to WTO should be able to do so on terms that reflect their individual trade, financial and development circumstances.} {WTO members should fully and faithfully implement the decision on the guidelines on LDC accession adopted by the WTO General Council on 10 December 2002 and further build on the decision of the Eighth Ministerial Conference on LDC accession. (LDCs)}

82bis. In order to make the multilateral trading system truly universal, assistance in the process of accession is important. In this context, *it is essential that*

*non-trade related impediments to (G77&CHINA) {elimination of non-economic and discriminatory impediments to}{EU delete} WTO accession is important *be eliminated* (G77&CHINA) to reinforce the integration of developing countries in the world trade system and fully harness trade as an engine for development. (G77&CHINA) (JZ delete para)*

82ter. Accession to WTO is an integral part of the development strategies of most countries aiming to benefit fully from the international trading system. Developing countries and LDCs that are acceding to WTO should be able to do so on terms that reflect their individual trade, financial and development circumstances. These terms should be consistent with the rights and obligations of WTO members. WTO members should fully and faithfully implement the decision of the Eighth Ministerial Conference on LDC accession to WTO that were adopted by the WTO General Council on 10 December 2002. (G77&CHINA)

83. Non-tariff measures, such as technical barriers to trade, sanitary and phytosanitary measures, rules of origin and [emerging trade issues][other trade-related challenges], are gaining increasing importance in the area of international trade.

{83bis. There is continued concern among member States with respect to the proliferation of non-tariff measures and non-tariff barriers in the current international trade and trading systems. International efforts should be made to address non-tariff measures and reduce or eliminate non-tariff barriers. (G77&CHINA) (JZ, EU, Group D delete para)}

84. Regulatory issues have become prominent in trade in services. Recent regulatory failures, including those in financial markets, highlight the importance of adequate regulatory and institutional **financial (G77&CHINA)** frameworks ~~in services, (G77&CHINA)~~ and the potentially high economic and social costs of their absence. ~~Furthermore, although in recent years the private sector has emerged as an important provider of infrastructure and other public services, governments continue to play an essential role as both providers and regulators of these services. (G77&CHINA) (JZ, Group D, EU delete para)~~

84bis. Furthermore, governments continue to play an essential role as both providers and regulators of infrastructure and other public services, although in recent years the participation of the private sector has increased. (G77&CHINA)

85. DELETED

85alt1. DELETED

85alt2. DELETED

85alt3. [Chair's proposal] Infrastructure and infrastructure services (G77&CHINA) have a strong impact on production, trade and economic competitiveness, and is ~~often~~ (G77&CHINA) an important factor that can contribute to attracting FDI. {Governments continue to play an essential role as both providers and regulators of infrastructure and other public services, although in recent years the participation of the private sector has increased.}{JZ, EU delete}

In recent years the participation of the private sector has increased, however governments continue to play an essential role as both providers and regulators of infrastructure and other public services (EU)

~~Governments should examine (JZ, EU, G77&CHINA)~~ New approaches *should be explored (JZ, EU, G77&CHINA)* to help tackle persistent challenges facing many developing countries, especially LLDCs, including high transport and commercial transaction costs, low-level of investment, trade facilitation, in some cases, absence of

regulations, inefficient transport services, and low connectivity. These challenges are compounded by other factors, including volatile energy prices. Many of these challenges are also shared by some countries with economies in transition. (G77&CHINA)

86. LLDCs usually pay the highest transport and transit costs, as recognized in the Almaty Programme of Action. Lack of access to the sea, remoteness from major markets, inadequate transit facilities, cumbersome customs and border-crossing procedures, regulatory constraints, as well as weak legal and institutional arrangements, undermine the efforts of LLDCs to build their productive capacities and to be competitive in world markets. Regional integration and trade facilitation can play a major role in this respect. (Agreed)

86bis. Removing challenges in relation to infrastructure and transport in transit developing countries requires special attention and coordinated action by relevant regional and international organizations. (G77&CHINA) (EU, JZ delete para)

86ter. When it comes to transport and trade logistics, small island developing States are also disadvantaged due to their remoteness and geographical isolation. In a globalizing world, logistics costs and non-tariff barriers have become key factors in the overall competitiveness of SIDS. Low transport volumes and long distances typically add up to high freight and logistics costs and low frequency of services, in terms of both maritime and air transport. (Agreed)

87. The proliferation of regional trade agreements (RTAs) **can create challenges for** the global trading system. **[Developed and developing countries are negotiating and implementing a growing number of RTAs. (G77&CHINA)] RTAs that are transparent and [consistent] [in conformity] [compatible (G77&CHINA – EU delete)] with the relevant provisions of the WTO agreements can contribute to an environment conducive to sustainable and inclusive development. (JZ, G77&CHINA)** In this regard, an increasing number of agreements include deeper provisions on non-tariff measures, as well as WTO-plus and WTO-extra openings in services trade, government procurement rules, competition policy regulations, environmental and labour standards and disciplines on trade-related performance measures connected to investment. ~~However, there is also an increasing number of RTAs that act to perpetuate protectionism, particularly in tariffs, on a multilateral scale. (G77&CHINA)~~ In order for regional trade agreements to act as a tool for the creation of economic growth and development, they need to be structured to promote ~~comprehensive~~ (G77&CHINA) trade liberalization (G77&CHINA) and economic integration among all countries (JZ, G77&CHINA). [~~In order to preserve and strengthen coherence between the multilateral trading system and the RTAs, systemic coherence among all countries going beyond trade liberalization should be promoted (G77&CHINA). [However, preferences margins may have been eroded over time (G77&CHINA).][EU delete] [Regional trade agreements should complement arrangements reached at the global multilateral level (EU).][G77&CHINA delete]]{JZ delete}~~] The importance of flexibilities and special and differential treatment including the Enabling Clause must be stressed in any assessment of the implications of RTAs on the multilateral trading system. (G77&CHINA)[EU delete]

87alt1. Nearly all countries are negotiating an increasing number of regional trade agreements (RTAs). These agreements, if structured so as to conform with WTO rules, can contribute to sustainable, inclusive growth and development. However, RTAs should be complementary to, and not a substitute for, the multilateral trading system, and all WTO members have a responsibility to make timely use of the WTO Transparency Mechanism for regional trade agreements. (JZ)

87alt2. [Chair's proposal combines 87, 87alt1 and 87bis, basis for current negotiations] Nearly all countries are negotiating an increasing number of regional trade agreements (RTAs). These agreements, if structured so as to conform with WTO rules, can contribute to sustainable, inclusive growth and development. However, RTAs should be complementary to, and not a substitute for, the multilateral trading system, and all WTO members have a responsibility to make timely use of the WTO Transparency Mechanism for regional trade agreements. (JZ) [However, preferences margins may have been eroded over time (G77&CHINA). Regional trade agreements should complement arrangements reached at the global multilateral level (EU). The importance of flexibilities and special and differential treatment including the Enabling Clause must be stressed in any assessment of the implications of RTAs on the multilateral trading system. (G77&CHINA)]

87bis. RTAs should be transparent, consistent and compatible with the relevant provisions of the WTO agreements and designed to contribute to an environment conducive to sustainable, inclusive development. RTAs should be designed taking into consideration different levels of development between developed and developing countries. Developing countries must be able to continue making use of flexibilities and special and differential treatment accorded under the multilateral trade agreements, including the Enabling Clause. The importance of the WTO's Enabling Clause for development policy must be stressed in any assessment of the implications of RTAs on the multilateral trading system. (G77&CHINA) (JZ, EU, Group D delete para)

[88. In recent years, RTAs have often been linked to the spread of global supply chains (GSCs), which has created new trading opportunities for many developing countries, including in dynamic products, but they also come with potential costs linked to the dominant position within these chains of TNCs. (JZ delete)]

89. An important objective of competition policy is to create and maintain a competitive environment, both internally by eliminating anticompetitive practices and externally through a level playing field for new entrants. {Competition can extend choices and make products more affordable to all firms and households. Therefore, trade and competition policies should be coherent **with national development strategies (JZ)** in order to achieve inclusive economic and social development goals.}{G77&CHINA delete} States should provide the appropriate regulatory framework in line with relevant internationally accepted best practices with the necessary instruments of enforcement in order to address anticompetitive practices. **{[including through supervision of mergers and acquisitions, especially those that are conducted by multinational corporations. (G77&CHINA)] [JZ delete] [While the existence of State-owned enterprises (SOEs) does not automatically imply an anticompetitive environment, SOEs may distort competition if they enjoy unfair advantages not available to private-sector rivals. (JZ)] [G77&CHINA delete]} {Group D, EU delete} (JZ, Group D move para to sub-theme 1)**

90. *For developing countries to fully harness their development potential, the empowerment of women is essential.* (EU, JZ) *The ability of women (EU, JZ) to engage in economic opportunities, including in trade-related activities, employment in export sectors, the production of cash crops and the creation of new business by women entrepreneurs, ~~contributes to~~ is a fundamental component of (JZ) women's empowerment, enabling them to make productive investments and reduce poverty.* (G77&CHINA) Obstacles to women's empowerment include gender bias and income inequality, which translate into gender differences in occupational distribution and earning potential. These obstacles should be tackled through appropriate means at the national level to accelerate inclusive growth and development.

90bis. Corruption is a major inhibitor to trade and development, *the cost of which falls disproportionately on the poor. Corruption constitutes (EU) both as (EU) a diversion of resources and a hindrance to growth. Therefore, the active enforcement of the provisions of the United Nations Convention against Corruption is key, and government transactions should be transparent and accountable. (JZ) (G77&CHINA delete para)*

91. Development of strong science, technology and innovation (STI) capacity is key to addressing many of the persistent and emerging trade and development (G77&CHINA) challenges that developing countries face. (JZ) STI capacity-building involves building the technical, vocational, engineering, entrepreneurial, managerial and scientific capacity to address each country's pressing social and economic problems, transform their societies and have a positive impact on the standards of living and quality of life of ordinary people. It should therefore be an essential element of every country's strategy for reducing poverty. As a central feature of their development strategies, governments in developing countries should consider formulating and implementing STI policies aimed at encouraging the generation, ~~[[voluntary (JZ, EU, Group D)](G77&CHINA delete) diffusion {on mutually agreed terms and conditions (JZ, EU, Group D)}(G77&CHINA delete)]~~[EU, JZ, Group D delete] and application of science and technology.

~~92. At the same time, firms in (G77&CHINA) developing countries, in particular in (G77&CHINA) the least developed countries and some economies in transition (Group D), and in particular SMEs, cannot succeed experience difficulties (EU) in technological upgrading without access to the full range of available technologies (EU) and the learning opportunities that these it (EU) brings. Technology can be transferred through a variety of channels—including but not limited to market channels such as trade, licensing and FDI—and these have played an important role in the upgrading of the technological base of some developing countries. For many other countries, however, market driven technology transfer has not taken place at the desired pace. (EU) (JZ delete para)~~

93. For countries to [benefit from dissemination of (EU) technology transfer (EU)] [upgrade their technological capacities (JZ)], domestic absorptive capacity and an enabling environment for investment (JZ) is needed. Efforts to enhance such capacity should address capabilities of all relevant stakeholders and sectors. Financial support and other incentives are often necessary for enterprises to undertake risky, costly activities such as the search, acquisition, adaptation and implementation of new technologies (JZ). Absorptive capacity also requires strong links between local firms, research and education institutions, foreign affiliates and other relevant actors. Where appropriate, and in line with international control regimes for sensitive technology, (EU)

[Universities and research institutions should be {enabled to transfer disseminate (EU) knowledge to enterprises, and be}{JZ delete} given incentives to establish strong collaboration with the private sector to address technological problems of relevance to them.]

~~[Universities, research institutions should be enabled to transfer knowledge to and enterprises, and be given incentives to should be enabled to establish strong collaboration with the private sector to address technological problems of relevance to them the development of developing countries. (G77&CHINA)]~~

~~94. Ways to facilitate access at low or no cost to the results of scientific research, particularly publicly funded research, should be considered. (EU, JZ) International coordination, collaboration and partnerships, including between the private and public sector, should stimulate innovation and advancements (Mexico) in science and technology in all countries and (Mexico) should be further developed.~~

95. **At the international level, it is also (G77&CHINA) important to explore new approaches to facilitate greater transfers of technology to developing countries. This could involve both active encouragement by developed countries, as well as the elimination of measures that may act as barriers to such transfers. International trade and investment policy frameworks should be supportive of national technological development in developing countries. (EU, JZ delete para)**

96. (deleted)

96alt. Information and communications technology (ICT) has become an important feature of the increasingly globalized and knowledge-based economy and can contribute to development in many ways. The Internet and other ICTs can contribute to job creation through participation in the digital economy. The Internet also enhances access to information, which can improve government services, enhance interaction through social networks and enable transparent and efficient commerce between customers and suppliers. The wider diffusion of ICTs and improved access to the Internet and the development of ICT-related infrastructure are essential to bridging the digital divide. Developing countries can maximize their benefit from ICTs by formulating and implementing national ICT policies, [thereby building the necessary absorptive capacity.]

96bis. DELETED

96ter. DELETED

96quater. DELETED

96quinquies. Recognizing that emerging economies have become major players as trade partners for developing countries, including LDCs, and offer them new and growing markets for their products. (JZ) (G77&CHINA delete)

97. Scientific evidence leaves little doubt that a changing climate will pose some of the biggest development policy challenges, at the national, regional and international levels, over the coming years. ~~{Recent estimates suggest that **hundred the lives and livelihood (G77&CHINA)** of thousands of people are already losing their lives each year as a result of global warming and the livelihoods of hundreds of millions more are seriously threatened~~ **{are seriously threatened as a result of global warming. While responsibility for solving the problem lies principally with developed countries, the active participation of both developed and developing countries, in accordance with the principle of common but differentiated responsibilities and respective capabilities under the UNFCCC is required if timely and effective responses are to emerge at the multilateral level. (G77&CHINA)} {EU delete}** Such participation should be consistent with their meeting long-standing development goals of reducing poverty, attaining inclusive development and closing the economic and social gaps with the ~~advanced developed (G77&CHINA) countries.~~ **{EU delete} (JZ delete para)**

98. The United Nations ~~is the right forum to address~~ **should continue addressing (EU)** issues arising from the multi-faceted economic and development implications of changing environmental conditions, including the climate. Of special significance for developing countries are the economic aspects, and costs, of mitigation and adaptation **[and compliance with environmental regulations and standards applied by other actors and countries (EU)] [Mexico, China delete]. Based on the principle of common but differentiated responsibilities (G77&CHINA), an urgent priority for the international community is putting in place (Mexico) Putting-in-place (EU) effective, inclusive (Mexico) and operational arrangements for long-term international cooperation under existing multilateral instruments should be put in place (EU) to support developing countries, and particularly the most vulnerable countries, in addressing the adverse impact**

of **changing environmental conditions, including (EU) climate change and achieving their development goals, is an urgent priority for the international community. (EU) (JZ delete para)**

99. Ongoing discussions regarding the “green economy” have **highlighted the positive contribution that pursuit of a green economy can make to development and poverty eradication; they have also (JZ) raised concerns about new forms of “green” protectionism. Bearing in mind the fact that there is still no agreed definition of the concept of green economy, potential impacts of The interrelationship between (JZ) greening trade on and economic development (JZ) is in need of further (JZ) careful research and policy analysis. (G77&CHINA will propose amendments as the negotiations progress) (EU delete para)**

99alt. **Trade and the underlying investment in clean sources of energy (Mexico) can be powerful positive drivers of green growth, opening up possibilities for low-carbon development that would otherwise be impossible sustainable development (G77&CHINA). However, trade policy in the pursuit of such growth can also be contentious. (G77&CHINA, JZ) Research and analysis of policy measures to promote green economy address sustainable development (G77&CHINA) is therefore needed to unlock the potential impacts for the benefit of all. (EU)**

100. The climate challenge will be very difficult to solve independently of that of meeting the growing demand for energy by developing countries ~~Energy insecurity is a persistent development challenge. (G77&CHINA)~~ This must, however, be addressed sustainably, taking into account scientific and technological progress to date and respecting the environment. This is where green **and clean (G77&CHINA) – including renewable and clean fossil fuel (G77&CHINA) – energy can** plays (JZ) an important role. {But there are still many developing countries that cannot afford alternative energy technology, and for them the transfer of renewable energy **and relevant clean fossil fuel (G77&CHINA) technologies** between developed and developing countries is of vital importance, as it contributes to the welfare of all while protecting the environment. Supportive financial and technology transfer mechanisms are needed in order to offer tangible opportunities, ~~especially for the low income for developing (G77&CHINA) countries.~~} {JZ delete} **As costs for a number of renewable energy technologies decrease, alternative energy solutions for developing countries should be identified to meet nationally-defined goals of sustainable development by creating the necessary enabling environments through policy access to modern energy services for their citizens who currently have insufficient access to energy. (EU, JZ delete para)**

100alt. **The move towards the green economy means investing in natural assets, as well as making use of low-carbon and resource-efficient solutions to promote sustainable consumption and production patterns. The role of the national administrations, however, remains key to building more sustainable and climate-resilient economies with reduced energy dependency and possibilities for economic growth. (EU, JZ)**

100bis. **Food security globally is a complex and multifaceted issue that particularly threatens the survival of vulnerable populations in developing countries. In this regard, agriculture remains one of the most highly trade-distorted sectors. Trade policy reform has a crucial role to play in addressing food security in developing countries. The policies that distort trade in agricultural products, in particular subsidies, could provided by developed countries, are unacceptable as they (Mexico) impede the achievement of long-term food security in developing countries, especially the LDCs. Likewise, in view of its developmental impact, particularly on Africa, there is a pressing need to implement the Hong Kong mandate on cotton. (G77&CHINA) (EU, JZ delete)**

100ter. Despite efforts to make progress in the implementation of the Almaty Programme of Action, continued international and national efforts are needed to achieve its comprehensive implementation. LLDCs continue to be marginalized in international trade, have serious capacity-building needs in the areas of trade and trade facilitation, face challenges in their efforts to establish efficient transit transport systems and are burdened with high trade transaction costs, which put their export products at a competitive disadvantage and discourage foreign investment. These structural and geographical handicaps prevent LLDCs from fully harnessing the potential of trade as an engine for sustained economic growth and inclusive development. Attention should be paid to the challenges of transit developing countries, in particular in the development and maintenance of efficient transit and transport systems that will benefit them and landlocked developing countries. (G77&CHINA) (EU delete para) (JZ, Group D para should complement para 86/86bis)

100quater. The economic and financial crisis has affected budgets in many countries. As a result, financial resources have become scarcer. At the same time, there is a reform process underway within the United Nations system to ~~avoid duplication and competition~~ *enhance synergy* (Mexico) among agencies, and ~~enhance synergy and the impact of their actions~~ (Mexico). For the 2012-2013 biennium, the United Nations General Assembly decided on a 3.2 per cent budget cut. In response to this common United Nations effort, UNCTAD will need to further streamline its own processes in order to avoid limiting the overall impact of its efforts. (JZ, EU) (G77&CHINA delete para)

100quinquies. The UNCTAD pillar on consensus-building is a valuable forum for policy dialogue among member States on major trade and development concepts. It provides an opportunity for guiding UNCTAD's work and gaining feedback from member States. The effectiveness of this pillar could be further improved by limiting instances where negotiations are required to the annual meetings of the Trade and Development Board, where such modalities may be needed to achieve consensus views on UNCTAD's work. Beyond the Trade and Development Board, negotiations are resource-intensive and lengthen the intergovernmental process significantly, proving of limited operational value in a situation of reduced capacity among member States to engage effectively. (JZ) (G77&CHINA delete para)

100sexies. New emerging challenges related to natural disasters can wipe out the gains that small and medium interdependent firms have made through globalization, and the livelihood of people that depend on them. At a time of bleak landscape and uncertainty about increasing aid assistance for post-disaster recovery in trade and investment, developing countries need support to develop capacities for catastrophic insurance risk coverage to fill gaps associated with cost of disaster to also reduce the disruptions to the global supply chain. (G77&CHINA)

B. The role of UNCTAD

101. An key (EU) outcome of the Accra Accord, ~~which is here reaffirmed~~ (JZ), was ~~to enable the strengthening of UNCTAD's ability~~ (EU) to provide advice and (EU) assistance on issues related to trade, ~~investment and~~ (G77&CHINA) development (EU) *and other interrelated issues in the areas of finance, technology, investment and sustainable development.* (G77&CHINA) {to developing (EU) countries} {G77&CHINA delete} in light of new challenges and opportunities (JZ) and the increasing pace and influence of global events. ~~In light of subsequent events and in order to further strengthen UNCTAD's capacity to address~~ In order to support developing countries' capacity in

addressing (EU) persistent and emerging development challenges, UNCTAD should, **{within its core mandate and existing resources, as well as without prejudice to the work and mandate of other international organizations (EU)}**~~{G77&CHINA delete}~~:

101alt. UNCTAD's activities should be delivered within its core mandate, within its existing capacities and resources, and without prejudice to the work and mandate of other international organizations. These activities should deliver tangible results for specified needs and with measurable impact. In this regard, UNCTAD should: (JZ)

(a) Conduct economic and trade analysis and foster international dialogue, consensus-building and cooperation on sustainable development, including ~~the transition to the green economy and issues related to (G77&CHINA)~~ climate change; (Mexico) (EU, JZ, Group D delete subpara)

(a)alt1 **Help developing countries make informed choices, and provide capacity-building expertise in trade and investment-related environmental sustainability, including the transition to the green economy;** (EU)

(a)alt2 **Continue to foster international dialogue, consensus-building, and cooperation on the green economy in its ongoing work of assisting developing countries with trade- and investment-related issues in development strategies;** (JZ)

(a)bis As part of its work in the field of transport and trade logistics, continue its research and policy analysis and technical cooperation in order to help developing countries, **[particularly LLDCs and some (EU) countries with economies in transition,]** ~~[G77&China]~~ address challenges faced in improving transport systems and connections, using information communications technology **in the design and implementation of sustainable transport systems (G77&China) and trade facilitation solutions (JZ)** ~~[supporting environmentally sustainable transport systems.]~~ [G77 & China retain]

(a)bis2 UNCTAD should continue its work to advise small island developing States in the design and implementation of policies addressing their specific trade and trade logistics challenges linked to their remoteness and geographical isolation. (Agreed)

(a)bis3 **Continue to support and assist structurally weak, vulnerable and small economies to address persistent and emerging development challenges in order to help them to generate policies to achieve sustainable development. (G77&China)**

(a)ter (deleted)

(a)ter alt. **Continue to monitor protectionism in cooperation with WTO and OECD, as agreed in G-20 Cannes summit declaration. (replaces (a)ter & (i)bis) (JZ, EU, Mexico)**

(b) Examine opportunities to expand capacity, ~~access~~ (EU) and diversification of trade in ~~biofuels and other~~ (JZ) **renewable (EU) energy sources, while minimizing the potentially adverse environmental and social aspects, including food security, of the biofuel option and explore efficient and sustainable ways of producing and consuming energy;** (EU) (G77&CHINA, JZ delete subpara)

(b)alt UNCTAD should examine opportunities to extend capacities, access, and diversification of renewable sources of energy. Moreover, while being aware of countries' needs to ensure a proper balance between food security and energy concerns, UNCTAD should continue its work under its Biofuels initiative, striving to maximize trade and development gains for developing countries while minimizing the potentially adverse environmental and social aspects of the biofuels option. (G77&CHINA, Mexico) (JZ delete subpara)

(b)bis (Group D → from sub-theme II, para 79(c)) ~~Assess~~ **Analyse** (EU, Group D), on the basis of ~~country~~ (Group D) case studies, the ~~implications~~ [effects (EU)] [impact (Group D)] of trade liberalization and FDI (EU, Group D) on development (EU) on poverty reduction, income inequality, job creation (EU) and income growth in African countries, the LDCs, LLDCs and small island developing States and countries with economies in transition (Group D); (G77&CHINA will propose amendments as the negotiations progress) (JZ delete para)

(c) Promote policies that bolster agricultural productivity in developing countries, and (G77&CHINA) support developing countries' efforts aimed at (G77&CHINA) increasing agricultural production capacity taking into account the need for sustainability, the needs and concerns of small-scale farmers and the empowerment of women (G77&CHINA, Mexico) and youths in agriculture production by, inter alia, continuing analytical work, sharing of information and best practices, and policy reviews relating to, among others, seed varieties, irrigation market infrastructure. UNCTAD should also continue its work relating to ~~as a priority where, among other schemes,~~ (G77&CHINA) public-private partnerships in order to ~~can~~ (G77&CHINA) facilitate the transfer of appropriate technologies to developing countries to ensure adequate and sustainable food supply; (EU, JZ delete subpara) UNCTAD should also promote international cooperation on the documentation, dissemination and sharing of best practices on organic agriculture. (G77&China)

(c)alt1 DELETED

(c)alt2 DELETED

(c)alt3 Continue to provide policy advice to developing countries to help them foster agriculture productivity. In this regard, UNCTAD should continue to work with FAO to support the sustainable intensification of agriculture production by considering how schemes, including public private partnerships, can create conditions conducive to greater use of innovations in agriculture. This work should also focus on the empowerment of women in agriculture in particular through strategies for smallholder farmers. (JZ, Mexico, EU)

(c)bis ~~Request UNCTAD,~~ (secretariat) in collaboration with FAO, UNDP, UNIDO, and other relevant agencies, undertake a research programme on the mitigations measures of food insecurity on the African continent; with a focus on supporting intra-African trade in food products; (G77&CHINA, Mexico) (JZ, EU → sub-theme I)

(c)ter (EU moved from sub-theme IV, para 115(f)) ~~Strengthening~~ **Continuing** (EU) its research and ~~policy~~ (EU) analysis in the area of (G77&CHINA) science, technology and innovation (STI) ~~area~~ (G77&CHINA), ~~with a view to focusing on~~ (EU, G77&CHINA) making STI capacity an instrument for supporting the national development agenda, helping local industry become more competitive, generating employment opportunities, reducing poverty and promoting ~~the~~ **developing** (EU, G77&CHINA) ~~country's~~ (G77&CHINA) export diversification efforts of countries (G77&CHINA);

(c)ter1 UNCTAD should develop policy guidelines and recommendations to help LDCs accelerate their structural transformation through conducive legal, institutional and macroeconomic conditions. UNCTAD should particularly help commodity dependent LDCs to develop their trade and industrial policies aimed at facilitating value addition and retention at the national level, including by upgrading their primary commodities sector through horizontal and vertical diversification. (G77&CHINA)

(c)quarter *Continue to* (EU) Support commodity-dependent developing countries through ~~monitoring, analysis,~~ (G77&CHINA) policy reviews and technical assistance, ~~within existing resources~~ (G77&CHINA); (JZ)

(c)quinquies DELETED

(c)sexies Analyze the impact of the growing demand by emerging economies for commodities and primary inputs for infrastructure and industrial production on economic development, the structural transformation and the advancement in the global value chain of developing countries including LDCs; (JZ) (G77&CHINA delete subpara)

(c)septies Key components of an enabling environment are strong intellectual property regimes to enable the flow of technologies, the absorption capacity to make use of such technologies, and the human capital to contribute to productive capacities. UNCTAD recognizes the World Intellectual Property Organization (WIPO)'s lead role within the United Nations family in establishing the best means of facilitating IP-related ~~technology transfer~~ *dissemination of technology* (EU) to LDCs as outlined in the WIPO Development Agenda; (JZ) (G77&CHINA → policy analysis) (Mexico → sub-theme IV)

(c)octies In order to improve sharing of best practices in investment policy, increase its collaboration with key international investment-focused organizations. Such collaboration could include, as appropriate, joint policy analysis, joint participation in key organizational meetings and complementary agenda-setting on investment, and organization of the World Investment Forum. Such collaboration would aim to ensure that investment policy discussions within UNCTAD complement and take into account ongoing discussions and efforts in other relevant institutions; (JZ) (G77&CHINA delete subpara)

(c)nonies Respecting the mandates of other United Nations organizations to undertake work on technology, UNCTAD's work on technology is limited to the investment context. Within this limited role, UNCTAD may appropriately use its policy analysis capacity to identify the elements of investment climates and policy choices that support building productive capacities that facilitate greater dissemination and absorption of technologies, knowledge and know-how within LDCs; (JZ, EU) (Mexico → sub-theme IV)

(c)decies DELETED

(c)undecies UNCTAD should strengthen its work on the links between gender equality, women's economic empowerment and macroeconomic policies in the area of trade, in particular trade policy, in order to make domestic policymaking more responsive to the specific needs of women. UNCTAD should continue to assist developing countries in identifying opportunities for women's full participation in the economy, *as well as marginalized groups*, (Mexico) including through research and analysis and technical assistance projects at the country level. Maximum synergies and coherence should be sought with other United Nations entities and other international organizations; (JZ, EU, Mexico)

(d)While ~~Addressing~~ (EU) the ~~unique~~ (EU) challenges facing landlocked and transit countries, UNCTAD should continue its analysis, *technical cooperation* (LLDCs) and *consensus-building on trade facilitation, transport and related issues*, (EU, Mexico) taking into account geographical constraints that may have a negative impact on trade, (EU) and should (Group D) assist these countries in the design ~~and operation~~ (Group D) of resilient and sustainable transit infrastructure and services; (G77&CHINA generally agree with paragraph but working on stronger language)

(d)bis (G77&CHINA moved from 64(c)sexies) Continuing the technical assistance, research and analysis and dialogue on trade facilitation, transport and related issues, taking into account geographical constraints that may have negative impacts on trade;

(e) Sharpen its focus on building the (EU) services sector in LDCs supply capacity (EU) through comprehensive national strategies and policy reviews; (Group D, JZ, Mexico, G77&CHINA delete subpara)

(e)alt ~~Continue~~ *Strengthen* (G77&CHINA) the comprehensive work on services, ~~including on with a focus on~~ (G77&CHINA) building services supply capacity, enhancing regulatory and institutional capacity – in particular through national strategies, policy reviews and experience sharing among countries – *as well as increasing analytical work and support in multilateral and regional negotiations* (G77&CHINA, Mexico); (Group D)

(f) Continue to (EU, Group D, Mexico) Promote the sharing of best practices regional cooperation (EU, Group D) in formulating trade (EU, Group D) policies frameworks and (EU, Group D) on (EU) competition and consumer protection policies (EU, Group D), {taking into consideration national developmental aspirations goals (Group D) and domestic imperatives (Group D)}; {EU delete} and carry out peer reviews with regard to the implementation of (EU, Group D) [newly designed and adopted competition and consumer (EU)] [such (Group D)] policies; (Mexico → sub-theme IV)

(f)bis UNCTAD should conduct analysis with the relevant case studies in order to examine the impact of mergers and acquisitions by enterprises on competition in the developing countries. Furthermore, UNCTAD should undertake research in order to provide best practices in the supervision of mergers and acquisitions that are included in various competition laws; (G77&CHINA)

(g) Carry out work focusing on market access, regulatory issues and institutional frameworks to facilitate the temporary movement of natural persons amongst countries – particularly to provide services, including through negotiated trade commitments at bilateral, regional and international levels; (EU, JZ, Group D delete subpara)

(g)bis Strengthen work on the impact of migration on development, *particularly the achievement of internationally agreed development goals including the MDGs*, (Mexico) in an integrated, holistic manner, looking at the challenges and opportunities both for countries of origin and countries of destination; (G77&CHINA, Mexico)

(h) Assess and make recommendations on how migration can support development, and the achievement of internationally agreed development goals, including the MDGs, including through the impact of remittances; (EU, JZ delete subpara)

(h)alt *Taking into consideration the fact that remittances are private resources, UNCTAD should continue to undertake work on the impact of remittances on development, including through facilitating access of migrants to financial services and the use of such resources to generate productive capacity. Furthermore, UNCTAD should* (Mexico) Provide technical assistance and research to help developing countries in designing measures aimed at recording remittances through formal channels, and improve data on these inflows; (EU) (JZ delete subpara)

(i) Monitor and analyse, in collaboration with ILO and WTO (EU), the contribution of trade liberalization (EU) on job creation and inclusive development, and how trade and the international trading system (EU) can contribute to create productive employment, including for with special focus on (EU) the poor; (G77&CHINA, JZ delete subpara)

(i)alt1 UNCTAD should continue its work in collaboration with ILO on the impact of trade on employment and on inclusive and sustainable development; (G77&CHINA) (EU delete (i)alt1)

(i)alt2 Continue in collaboration with ILO and WTO, including if requested with the WTO Director-General Multi-stakeholder Panel, to analyze the impact of trade on employment, and inclusive and sustainable development; (JZ)

(i)bis (deleted)

(i)ter Continue and strengthen its analytical work focusing on new challenges to the world trade, including various forms of barriers to trade in goods and services, and protectionist measures, aiming at support of effective functioning and development of the multilateral trading system; (Group D) (JZ delete subpara)

(j) In collaboration with WTO and ITC, (EU) Consolidate its work on databases on non-tariff measures and its analysis of the consequences of non-tariff measures for trade and (EU) development; (G77&CHINA, JZ delete subpara)

(j)alt UNCTAD should continue to analyse the consequences and address the trade and development impact of the proliferation of non-tariff measures, technical barriers to trade, sanitary and phytosanitary measures, private standards, and discriminatory measures on non-commercial grounds which are drastically affecting the economies of developing and least developed countries and consolidate its work and databases in this regard, with the participation of member States. (G77&CHINA) (JZ, EU delete subpara)

(k) Intensify assistance to developing countries, in particular LDCs, that are acceding to WTO with technical assistance prior to, during and in the follow-up to the accession process, depending on their level of development and needs, and impediments should be removed so as to facilitate the accession process; (G77&CHINA) (EU, JZ, Group D delete subpara)

(l) Should strengthen its technical assistance and capacity-building, particularly through analysis and policy review, to commodity-dependent developing countries, including in their efforts to address the challenges of integrating natural resources policies into their national development strategies and commodity diversification; (G77&CHINA) (EU delete subpara)

(l)bis It is essential for developing countries to adopt policies conducive to inclusive and sustainable growth and development. UNCTAD should continue to assist member countries to this end, in particular through the training of policymakers on the integrated treatment of trade, investment, finance, technology and development in the framework of paragraph 166 of the Bangkok Plan of Action, and to build upon the synergies between its research and capacity-building activities. (G77&CHINA)

(m) UNCTAD should, in collaboration with United Nations Regional Commissions and other relevant regional institutions, provide technical support and advisory services to developing countries in the negotiation and implementation of free trade arrangements.; (G77&CHINA) (JZ, Group D, EU delete subpara)

(n) UNCTAD should undertake research and analysis in order to examine how a *rules-based, open, non-discriminatory and equitable* ~~the~~ (Mexico) multilateral trading system can contribute to achieving greater coherence for economic policymaking on food security; (G77&CHINA) (EU, JZ delete subpara)

(o) UNCTAD should continue to undertake analysis and studies on the issue of food security and the threats that developing countries, particularly the LDCs, face in this

regard. Particular attention should be given to analysing and monitoring *of* (Mexico) how subsidies provided by *some countries, particularly* (Mexico) developed countries, have historically affected and continue to undermine the development of productive capacities in the agricultural sector of developing countries, especially the LDCs. Through its research and analysis and consensus-building pillars, UNCTAD should support developing countries in its efforts to identify forms and ways to improve the regulation of trade in the agricultural sector with a view to promoting and accelerating trade policy reform in subsidizing developed countries, taking into account that trade policy reform is essential to the food security and poverty alleviation objectives of the Doha Development mandate; (G77&CHINA) (EU, JZ delete subpara)

(o)bis Continue to provide policy analysis and capacity-building on insurance regulatory frameworks and on the impact of the insurance industry on domestic resource mobilization for developing countries that are particularly vulnerable to catastrophic risks, especially countries in Africa and other structurally weak, vulnerable and small economies. In this respect, UNCTAD should continue its work on global consensus-building on risk management and anticipatory risk governance to build resilience into global supply chains; (G77&CHINA)

(p)UNCTAD should continue to address the special development needs and challenges of landlocked developing countries, in particular achieving sustained economic growth and inclusive development. {UNCTAD should continue its support to the full and effective implementation of the Almaty Ministerial Declaration and the Almaty Programme of Action and its mid-term review outcome. It should give full support to the comprehensive 10-year review conference on the implementation of the Almaty Programme of Action to be held in 2014. UNCTAD should provide necessary substantive and technical assistance and actively contribute to the preparatory process of the comprehensive 10-year review conference and its outcome. The 10-year review conference of the Almaty Programme represents an important opportunity for LLDCs and their transit neighbours, together with their partners, to make a comprehensive review and a critical assessment of the effective implementation of the Programme, and to develop a new action-oriented strategic framework. Thus, all efforts must be made to ensure a successful outcome of the 10-year review conference}{EU delete}; (G77&CHINA) (JZ, Group D delete subpara)

(q)UNCTAD should continue ~~to play an important role~~ *its work* (EU) in helping to address the persistent *trade and* (EU) development challenges facing SIDS. {An important process in this regard is the Mauritius Strategy Review, which aims to refocus and improve international cooperation to respond to the unique and particular vulnerabilities and development needs of SIDS. The High-level Review Meeting on the Implementation of the Mauritius Strategy highlighted some shortcomings in the institutional support for small island developing States, as well as other constraints to the full and effective implementation of the Mauritius Strategy and the Barbados Programme of Action. Considering the importance of this ongoing process, and also considering the important leadership role that UNCTAD has historically played in promoting the interests of SIDS, UNCTAD is encouraged to contribute fully to ongoing United Nations-level discussions on how to further the full and effective implementation of the Barbados Programme of Action and the Mauritius Strategy, including by presenting its views and ideas on how to refocus international efforts towards a results-orientated approach and by considering what improved and additional measures might be needed}{EU delete}; (G77&CHINA)

(r) Continue to undertake research and provide technical assistance to developing countries in the information and communications technology (ICT) area concerning

the legal and regulatory frameworks and the measuring of information economy in close collaboration with the Partnership on Measuring ICT for Development; (EU)

(r)alt UNCTAD should assist developing countries in developing national innovative policy frameworks, business models and financing arrangements needed to facilitate growth in access to broadband; (G77&CHINA) (EU, JZ delete para)

(r)bis UNCTAD should continue to contribute to the implementation of the World Summit on Information Society (WSIS) action lines on capacity-building, an enabling environment, e-business and e-science, in cooperation with other relevant international organizations. UNCTAD, also in its capacity as secretariat to the Commission on Science and Technology for Development, should assist the Commission in implementing its mandate on the follow-up to the WSIS outcomes, and help for full (EU) participation of *all relevant stakeholders, especially from* (EU) developing countries in the deliberations of the Commission; (G77&CHINA) (JZ delete para)

(r)ter UNCTAD should continue TrainforTrade's training and capacity-building activities aimed at trade practitioners with a particular focus on the use of ICTs to facilitate knowledge development and access to pedagogical materials and training; (Agreed)

(r)quarter UNCTAD should continue to provide assistance for developing countries in order to examine the impact of RTAs ~~between developed and developing countries~~ (EU) on the social and economic development of developing countries [~~and on the availability of policy space required for their development~~]; (G77&CHINA) [EU delete] (JZ delete para)

(s) Support, through its research and ~~political~~ *policy* (JZ) dialogue, efforts to improve access to finance for, and to deliver financial services to SMEs, microenterprises and individuals in developing countries, as well as help developing countries to formulate and to enforce competition law; (EU)

(t) Strengthen its work related to gender mainstreaming and women's economic empowerment as a means to promote trade and development; (EU, Mexico, JZ)

(u) To improve the efficiency and impact of UNCTAD's work, UNCTAD needs to mainstream results-based management (RBM) through results-oriented programme delivery that better focuses on measuring and reporting on its outcomes throughout the life cycle of its policies, programmes or initiatives in order to achieve the most efficient outcomes, effectiveness and impact of UNCTAD's work, to increase its value for money, transparency and accountability; (JZ, EU) (G77&CHINA delete subpara)

(v) The Trade and Development Board should elaborate how the functioning of the pillar on consensus-building can be improved in order to make it more meaningful, efficient and effective in serving as forum for policy dialogue among member States on major trade and development concepts; (JZ) (G77&CHINA, EU delete subpara)

(w) ~~The implementation of UNCTAD XIII should be accompanied by~~ *There will be* (EU) no more than four multi-year expert meetings, *one* (EU) on each sub-theme of the Conference; (JZ) (G77&CHINA delete subpara)

(x) In addition, to enhance impact and efficiency, UNCTAD takes the following actions: (JZ) (G77&CHINA delete subpara)

(i) UNCTAD shall redouble efforts to ensure that its work is member-State-driven; (JZ)

(ii) UNCTAD shall work to increase efficiencies and better achieve results within its existing resources, to avoid duplication with other United Nations bodies and to

reduce redundancy among UNCTAD commissions, divisions, and expert meetings, and to focus its work in areas under its mandate for which it has unique capabilities; (JZ)

(iii) The UNCTAD secretariat shall implement results-based management practices, including strengthening monitoring and evaluation, throughout UNCTAD bodies with a view to delivering service geared toward demand and impact. (JZ)

(iv) To enhance its transparency and accountability, and to reduce the incidence of overlap and redundancy, UNCTAD's budget and expenditure reports shall be organized along its three pillars, with a detailed breakout of costs within each pillar; (JZ)

(v) UNCTAD will display its programme and budget information in an easily accessible format on its website; (JZ)

(vi) The UNCTAD secretariat shall, in 2012 *in consultation with member States, develop and* (EU) implement a plan to reduce staff, consolidate programmes, limit the number and frequency of meetings, and build efficiencies in order to appropriately prepare UNCTAD for the coming 3.2 per cent United Nations general budget cut that was approved by the United Nations General Assembly Fifth Committee on 23 December 2011; (JZ)

(y) Economic policy development depends in large part on trustworthy and accurate statistics. This is best achieved through professional independence and impartiality of statisticians, their use of scientific and transparent methods, and equal access to statistical information for all. To enhance the quality and credibility of its statistical work, UNCTAD should: (JZ) (G77&CHINA delete subpara)

(i) Improve the quality of data dissemination by making all data publicly accessible; (JZ)

(ii) Provide comprehensive documentation about how the data are collected, processed and disseminated, and make this information publicly available in conjunction with the corresponding data; (JZ)

(iii) Attribute statistics in all UNCTAD publications and reports to the original source, and use agreed citation standards when re-using statistics collected by others; (JZ)

(iv) Aim continuously to introduce methodological improvements and systems to improve the quality and transparency of statistics and develop a statistical quality framework comparable to those of OECD, IMF and Eurostat; (JZ)

(v) Enhance training of staff in best practices in this field; (JZ)

(vi) Share collected data with other organizations, collect data jointly where appropriate, and contribute to an integrated presentation of statistical programmes among international organizations, including data collection plans, thereby making gaps or overlaps more clearly visible; (JZ)

(vii) Adhere to the United Nations Principles Governing International Statistical Activities; (JZ)

(z) Research and analysis in trade and development is a core pillar of UNCTAD's work and it should be focused on country-level solutions, be independent and have a rigorous empirical foundation. It should also: (JZ) (G77&CHINA delete subpara)

(i) Provide high-quality quantitative analysis of trade and development; (JZ)

(ii) ~~Encourage staff to publish in peer-reviewed journals and~~ (EU) enhance internal quality control mechanisms for all research; (JZ)

(iii) Strengthen collaboration with academia and international organizations such as OECD and the World Bank to incorporate cutting-edge data collection and analysis techniques into UNCTAD's standard methodology; (JZ)

(iv) Focus on the main challenges that developing countries face in the areas of trade and development and in the interrelated issues of finance, investment, technology and sustainable development in pursuing internationally agreed development goals, including the Millennium Development Goals; (JZ)

(v) Provide practical solutions and policy options, including best practices, and an analytical response based on solid evidence, to emerging and long-standing development challenges; (JZ) (EU delete subpara z(v))

(aa) In order to implement the activities outlined in the operational paragraphs on UNCTAD's contribution in the Doha Accord in an efficient and timely manner, they should be presented, in accordance with United Nations rules and practices, as the work programme for the next four years with clearly defined objectives and outputs, including time frames and expected outcomes. The Secretary-General of UNCTAD should present the work programme to member States for discussion at the first meeting of the Working Party on the Strategic Framework and the Programme Budget and the subsequent session of the Trade and Development Board; (JZ) (G77&CHINA delete subpara)

(bb) *Continue to* (EU) Provide developing countries, in particular LDCs, and countries with economies in transition that are acceding to WTO, with technical assistance during and in the follow-up to the accession process, depending on their level of development and needs. (Group D) (G77&CHINA delete subpara)

V. Sub-theme 4 – Promoting investment, trade, entrepreneurship and related development policies to foster sustained economic growth for sustainable and inclusive development

A. Policy analysis

101bis. ~~{International trade, based on the open non-discriminatory~~ (G77&CHINA), (JZ retain), rules-based ~~and equitable~~ (JZ) *multilateral trading system, is an engine for development.* (Mexico, G77&CHINA) ~~{Trade liberalization through} {G77&CHINA, delete} T~~the World Trade Organization (WTO) ~~[plays JZ, GpD] is the best can play an~~ [a crucial role (EU)] *important role in means to delivering* (Mexico, G77&CHINA) developing countries a better deal in world trade, by creating ~~new~~ (JZ, G77&CHINA) trade flows that ~~can~~ help to (JZ) promote sustainable development and eradicate poverty. (JZ)

101ter. It is important for developing countries to *continue to* (EU) participate in the global trading system and, where appropriate, to participate in trade-related technical assistance and Aid for Trade. (JZ) (G77&CHINA delete para.)

101teralt Aid for Trade is needed to support all developing countries, in particular LDCs, to better integrate into and adjust to the world trading system, and to build productive capacity, trade-related infrastructure and competitiveness. Aid for Trade

should meet the common and specific needs of developing countries in a demand-driven and needs-based manner. In this context, the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries is important for LDCs. (G77&CHINA)

101quater. Investment is becoming an increasingly important factor in international economic policymaking. Foreign and domestic investment are sources *and channels* (G77&CHINA) of new capital, technology, ~~competition~~ (G77&CHINA) and innovation. Investment drives jobs, innovation and increasingly trade. This trend is universal. {Foreign direct investment requires a transparent, stable and predictable domestic investment climate with proper contract enforcement and respect for property rights for national as well as international actors.} {Move to para.112bis.G77&CHINA} (JZ)

102. At the national level, strategies in support of development-centred globalization will require that deeper internal integration – through stronger internal demand and strong linkages across domestic markets, firms and sectors – is complemented and supported by external integration, through increased trade, FDI, capital flows and [transfer and (G77&CHINA)] **dissemination of (EU, G77&CHINA) technology transfer** {on mutually agreed terms between the parties concerned (EU)}{G77&CHINA delete}. A successful balance between internal and external integration will depend on the contribution made toward mobilizing resources for building productive capacities, the opportunities for productive entrepreneurship and economic diversification, job creation and technological upgrading, and the resilience of the economy to unforeseen shocks. (JZ, GpD delete para)

103. [The effective mobilization of resources domestic and international is [a prerequisite for EU] an essential factor for sustainable [sustained EU] development. Private investment and entrepreneurship with the support of ~~local~~ (G77&CHINA) financial institutions are the driving force behind (EU) ~~can also contribute to sustainable development, structural transformation and~~ (EU) economic growth. For many developing countries, public investment plays a critical [important EU] role, particularly in developing strategic sectors and providing infrastructure for transport, telecommunication, education, health and utilities, and can also act as a catalyst [driver EU] for private investment and job creation. FDI ~~has to play~~ [plays EU] a key role in promoting economic growth and development through raising productivity, ~~transfer and~~ (EU) dissemination of technology, skills and managerial know-how, improve access to markets as well as developing infrastructure. [G77&CHINA add para.]{An enabling economic environment is essential to attract FDI flows and encourage domestic investment. (EU)}] (JZ delete para)

103bis. The number of international investment agreements (IIAs) has ~~become~~ [increased EU] increasingly large ~~and complex~~, including both traditional investment treaties and investment provisions of economic integration agreements. The international sharing of experiences and best practices on key issues **relating to the negotiation and** (G77&CHINA) implementation of these agreements can help to harness the sustainable development potential of FDI.[and help address possible disputes on foreign investments G77&CHINA] (EU → formerly para 78, sub-theme II) {In relation to international investment agreements, there is a need to ~~balance~~ [protect G77&CHINA] the interests of home countries, host countries and foreign investors.}{JZ, EU, GpD delete}

104. Building productive capacity is key to fostering sustained economic growth and inclusive development, particularly in LDCs. It can be expanded through a balanced policy approach, which mixes incentives and policies to encourage investments in wealth-creating activities, as well as in the provision of education, training, rising levels of health

and nutrition, and increased research and development capacity that helps to build knowledge. ~~{Appropriate measures are also required to ensure~~ *encourage (JZ) sustainable development (G77&CHINA)* [investment towards] **[through investment in (EU)]** the conservation and preservation **and management (G77&CHINA)** of the natural environment. ~~{JZ delete}~~.

105. ~~Structural transformation is a key element in promoting (JZ, EU delete, G77&CHINA retain)~~ economic diversification ~~{is a key element in- (JZ)}{G77&CHINA delete}~~ improving international competitiveness and realizing more sustainable and inclusive outcomes. Many countries have diversified their economies as they move up the income ladder, ~~both (EU, G77&CHINA)~~ by fostering innovation ~~shifting resources from low to~~ **focusing on (JZ, EU)** high productive sectors and ~~by increasing specialization within sectors~~ *{and promoting intersectoral linkages (G77&CHINA, EU)}{JZ delete}* **{the presence of services} {G77&CHINA, JZ delete}** in the economy (EU, JZ, G77&CHINA). Such diversification **should take into account the need** ~~has been closely linked (G77&CHINA)~~ to ~~improving~~ **improve (G77&CHINA) human capital and (EU) decent work conditions (Group D)** and bolstering economic resilience **and stability. (EU)** ~~{to external shocks- and [reducing country's economic volatility (EU)]{G77&CHINA delete}~~ *increasing economic stability. (G77&CHINA)*. ~~The development (JZ, G77&CHINA) policy challenges tend to (JZ, G77&CHINA)~~ increase considerably as the production process becomes more scale- and knowledge-intensive. ~~{EU, Group D delete}~~

106. In recent years, certain developing countries moved away from primary commodities to producing more skill- and technology-intensive manufactures and services. ~~This form of diversification has (G77&CHINA delete, JZ, Group D retain)~~ in a number of cases ~~{this has (G77&CHINA)}{JZ, Group D delete}~~ been supported by a gradual integration of developing countries, ~~particularly in Asia, (G77&CHINA)~~ into Global Supply Chains (GSCs). Many commodity-dependent developing countries, particularly those in Africa and LDCs, are still in the process of and face challenges in building a more diversified economy. ~~{Additionally some (Mexico) But also some middle income economies [middle income countries (Mexico)] {Some countries (JZ)} {Mexico delete}~~ have found it difficult to diversify away from low value added manufacturing activities- ~~reducing their resilience to external shocks (Mexico)}{G77&CHINA, JZ delete}~~

106bis. National averages based on criteria such as per capita income do not reflect the actual particularities and specific development needs of the developing countries. In this context, middle income countries remain home to about 75 per cent of the world's poor and still face significant challenges in poverty eradication and diversification of their economies. Efforts to address those challenges can be supported by international cooperation in order to ensure the participation of middle income countries in a more inclusive and sustainable international economic system. (G77&CHINA)

107. Developing countries **and countries with (Group D) economies in transition (Group D, JZ)** need to create ~~(G77&CHINA will revert with alternative language)~~ an economic environment that supports the development and the competitiveness of ~~their~~ **{private (JZ)}{G77&CHINA delete}** enterprises in order to allow them to achieve economies of scale and take advantage of international market opportunities, including the ability to compete at national, regional and international levels. Supporting enterprise competitiveness requires market-enhancing reforms ~~as well as, well-designed (JZ, GpD)~~ regulatory frameworks **to facilitate trade (G77&CHINA) that can boost economic growth and G77&CHINA (JZ)** ~~to monitor the operations of the market, including (JZ)~~ through the design and enforcement of competition and consumer policies and laws, enterprise development , **including in the area of financial and non-financial reporting,**

(Group D, JZ, EU) and business linkages programmes, **{enhanced service delivery (G77&CHINA)}{JZ, GpD delete}** and related agencies that can promote the needs of business in particular sectors. **{Supporting enterprise competitiveness and green growth also requires building capacity in the area of environmental standards. (EU)} {JZ, G77&CHINA delete}**

108. ~~Developing All (JZ) countries also (G77&CHINA) (JZ) need benefit from (JZ) competitive firms that are able to take advantage of export opportunities and national policies that can in particular, to, among others, promote~~ **contribute to (JZ) the flow of trade, enhance productivity and product quality, (G77&CHINA) improve access to finance, markets, insurance (JZ), management skills, (G77&CHINA) and other resources, for small and medium enterprises.**

(From 89) It is important to recognize the links between enterprise development, competitiveness and job creation. The need to take advantage of export opportunities in national policies to improve access to finance for SMEs, with special attention to microenterprise and private investors should also be recognized (EU).

109. Industrial policies, ~~consistent with WTO rules and fully reflecting a country's comparative advantages priorities and needs (G77&CHINA) (EU) – including promoting micro, small and medium-sized enterprises, as well as (EU, G77&CHINA) the expansion of those firms, sectors and activities with the greatest potential for generating economies of scale, upgrading skills and raising productivity – have an important role to play in establishing dynamic and sustainable development. (EU) paths. The challenge of industrial policy is likely to take on even more importance as efforts step up sustainable development and (G77&CHINA) to create a low-carbon future for which policies focused on specific sectors – particularly energy, transport and extractive industries – will be critical. (EU) (JZ delete para)~~

110. ~~However, unless (G77&CHINA) industrial policies are need to be (G77&CHINA) complemented with other policies, including supportive macroeconomic, investment, enterprise development and competition policies, as well as good governance (EU), as well as transfer of technology. they might not produce the desired outcomes or they might even introduce further distortions~~ **Transfer of technology can provide new opportunities for business entities which will in turn contribute to the enhancement of the know-how and raise their level of competitiveness. (G77&CHINA) Macroeconomic policies, including exchange rate and interest rate policies (EU), will (EU) also have a strong bearing on the pace and direction of structural changes in many developing countries. Moreover, if markets are too small or competition in input markets is distorted, this will lead to an increase in production costs, thereby decreasing the competitiveness of domestic producers. Therefore, (EU) coherence among industrial, investment, enterprise development, including in the area of financial and non-financial reporting, (Group D), competition and other policies is crucial. (JZ, EU delete para)**

111. Building productive capacities in support of strong, sustainable and inclusive development will, in most developing countries, require close and mutually supportive links with the international economy through, inter alia, increased international trade, with a range of potential benefits in terms of efficiency gains, falling input costs and rising productivity. In many countries, these benefits depend on competitive dynamics within GSCs. ~~{As a result, to achieve greater participation in international trade, developing countries particularly LDCs need to make greater use of~~ **should seek to attract (JZ, GpD) FDI that is in line with their own development objectives and strategies, and (EU) contributes to job creation, technology transfer (EU, JZ) [dissemination of technology (EU)] [technological upgrading (JZ, GpD)] and the training of a skilled workforce.} {G77&CHINA, EU propose to delete as contained in new 111bis}**

111bis. To achieve greater participation in international trade, developing countries, particularly LDCs, need to make greater use of FDI that supports ~~their own development objectives and strategies~~, *in terms of partnerships which respects* (EU) domestic legislations and contributes to job creation, ~~{transfer and (G77&CHINA)}~~{EU delete} *dissemination of* (EU) technology and the training of a skilled workforce and is in line with domestic legislation. FDI should also target the productive sectors of the economy in developing countries. (G77&CHINA) (JZ, GpD delete para)

111ter. LLDCs face the challenge of developing and strengthening their productive capacities, taking into account constraints emanating from geographical disadvantages. Foreign direct investment can complement domestic efforts and contribute to economic restructuring and ~~respecialization through transfers of capital, technology and managerial know-how~~ *diversification* (EU). FDI can also play a role in creating jobs and generating income, thus contributing to poverty reduction, as well as in the development of infrastructure for development, telecommunications and utilities for LLDCs to advance structural transformation. (G77&CHINA) (JZ, delete para) (GpD considering para)

112. FDI requires a stable and predictable investment climate, **consistent with international rules.** (EU) Among the requisite components are (a) strong legal and regulatory frameworks; (b) consistent enforcement of contracts and effective dispute mechanisms; (c) fair and equitable treatment **for investors;** (EU) (d) robust intellectual property protections; (e) efficient means of establishing, operating and disposing of enterprises; **and the reporting requirements (Group D)** and (f) **transparency and good governance;** and (g) (EU) effective legal (EU) recourse for investors. ~~{A persistent challenge in this regard is the issue of~~ *It is important to enhance* (JZ) the development impact of foreign investment including through its contribution to job creation. National capacities of developing countries should be strengthened in this regard. (EU){JZ delete} (G77&CHINA delete para)

112alt. In order to contribute to development, FDI should ~~be in conformity corresponding~~ (EU) with the development priorities and domestic legislations of host countries. To this end, FDI requires an enabling environment for both investors and host States. (G77&CHINA) (JZ delete)

113alt. Intellectual Property Rights as an important element of good governance are the basis for investment decisions and sustainable development. International binding instruments, such as the TRIPS agreement, set the legal framework that is intended to safeguard that IPRs are granted and used in the balanced interest of the owner, as well as of the needs of the society. (EU) (JZ delete para)

113alt2. Intellectual property is a means to an end and emphasis must be on well-informed and calibrated policies based on broad-based consultations across all sectors of the economy and society, and consistency with broader economic and social goals and objectives so as to enhance development. Intellectual property regimes should facilitate economic and development policies, be to the mutual advantage of producers and users of technological knowledge and conducive to social and economic welfare, with a balance of rights and obligations. There is a need to bring balance to the international IP system including by encouraging flexibilities, exceptions and limitations, for the benefit of developing countries. Appropriate flexibilities, exceptions and limitations are important issues for the consideration of developed and developing countries in finding the appropriate balance of rights and obligations. (G77&CHINA)

113bis. Traditional knowledge, genetic resources, innovation and practices are important assets of developing countries, but these can be subject to loss and misappropriation. Their preservation, protection and sustainable use remain important. National and international efforts are needed to preserve, protect and promote the sustainable use of traditional knowledge, folklore and genetic resources and to ensure the fair and equitable sharing of their benefits. (G77&CHINA new)

114. {There is a general recognition that economic growth is not sufficient to ensure inclusive and sustainable development outcomes.} {JZ, Group D, EU delete} **A key aspect of inclusive development involves reinforcing the mutually supportive relationship between economic growth and social development. (agreed, JZ and Group D move sentence to theme, G77&CHINA keep in 114) and widening the sources of growth to include more economic agents of all sizes. (EU) {The MDGs have added poverty, employment and social objectives to the international policy agenda, and have indicated the need for a significant scaling-up of to harness (JZ, G77&CHINA) resources from multiple sources (JZ, G77&CHINA) to finance new investments in social infrastructure and (JZ) safety-nets, (JZ, G77&CHINA) development (JZ, G77&CHINA) along with the formation of new partnerships to accelerate progress on human development-, particularly for the most vulnerable groups. (Mexico, G77&CHINA) Moving the development agenda beyond the 2015 target will require an evolution in the development goals to address economic fundamentals and realities.} {EU, JZ, Group D delete} {The introduction of national social protection floors can be a means to improve social infrastructure. (EU)} {G77&CHINA delete}**

B. The role of UNCTAD

UNCTAD activities should be delivered within its core mandate, within its existing capacities and resources, and without prejudice to the work and mandate of other international organizations. These activities should deliver tangible results for specified needs and with measurable impact. In this regard, UNCTAD should: (JZ)

115. The mobilization of all (EU, JZ) resources, (EU) from multiple sources (JZ) along with their productive use, foreign and domestic investment to improve the economic performance of developing countries (EU) is a crucial element in {[enabling (JZ)] {enabling the public and (G77&CHINA)} {JZ delete} private sectors to help build (JZ)} {EU delete} {successful private sector-led development, (JZ)} {G77&CHINA delete} greater prosperity and well-being (JZ). This requires good governance, a strong market focus and {dialogue between the private sector and the State. (EU)} {JZ delete} an enabling environment for the private sector (JZ) The three pillars of (G77&CHINA) UNCTAD, {within its core mandate and existing capacities and resources, as well as without prejudice to the work and mandate of other international organizations (EU)} {G77&CHINA delete} should work to contribute to this end, including through:

(a) The delivery of ~~policy-oriented~~ [evidence-based (JZ, Group D, EU)], **development-oriented and independent (G77&CHINA) research [grounded in solid evidence (G77&CHINA)], policy-dialogue (JZ) and technical assistance aimed at helping developing countries, in particular LDCs, and countries with economies in transition (Group D, EU, JZ) in the design of their strategies and policies for attracting and benefiting from FDI {and ensuring [fostering (JZ)] that it contributes to their for (G77&CHINA) sustainable development, including through the development of appropriate investment regulatory regimes {and broad-based private-sector led growth (JZ)} {G77&CHINA delete} and continue carrying out the [voluntary UNCTAD (G77&CHINA)] [JZ delete] Investment Policy Reviews (EU)} {EU delete}**

(a)alt Continue to deliver evidence-based research and technical assistance for developing countries, in particular LDCs, to help them attract and benefit from foreign investment through, inter alia, effective participation in global value chains. This policy advice should have a strong focus on how investment can contribute to sustainable development and inclusive growth. Areas of emphasis should include development and implementation of appropriate investment regulatory regimes at the national and international level, including through investment policy reviews and their follow-up, as well as investment promotion and facilitation. (JZ)

(a)bis1 Continue carrying out the voluntary UNCTAD Investment Policy Reviews. (EU)

(a)bis2 The promotion of ~~policy-oriented~~ *evidence-based* (EU) research, policy dialogue and the delivery of technical assistance aimed at helping developing countries raise the level of *private and* (EU) public investment. (G77&CHINA) (JZ, GpD, EU delete para)

(a)ter Continuing to deliver ~~policy-orientated~~ *evidence-based* (JZ, EU) research {*and policy dialogue* (JZ delete)} (G77&CHINA, Mexico) on issues related to the ~~contribution~~ *impact* (G77&CHINA) of FDI and other capital flows ~~to~~ on (G77&CHINA) inclusive growth and sustainable development; the interaction of FDI and domestic investment, the relationship between ODA and FDI, ~~the role of FDI~~ (JZ) *in* {*transfer of technology* (EU, JZ delete)} *and* (G77&CHINA) ~~in services~~ (JZ) and the link between FDI and regional integration – through larger markets. {UNCTAD should also ~~continue to provide a platform for~~ *foster* (JZ) an international dialogue on best practice in investment policies with OECD and relevant regional *development* (GpD) banks. (G77&CHINA) delete} (EU, GpD)

(a)quater Undertaking more analytical and research work within existing resources around the role of investment and trade promotion given current gaps and the balance shift towards emerging economies. (JZ, EU) (G77&CHINA delete para)

(b) {*Working with other international organizations and programmes, including the EIF and ITC, UNCTAD should* (G77&CHINA delete) (JZ) *Helping* (EU) *developing countries* (G77&CHINA) to further strengthen *public and* (G77&CHINA) private-sector development and increase the *innovative capacity and* (Mexico) *competitiveness of domestic firms* (EU), including by ~~providing policy guidelines~~ (G77&CHINA retain) *sharing best practices* (JZ) on how to mainstream productive capacity-building in national development policies and strategies, ~~and developing indicators of productive capacity-building~~ (JZ, GpD). Particular attention in this regard should be given to *Africa* (G77&CHINA) LDCs, ~~notably those in Africa~~ (G77&CHINA) {LLDCs, (EU delete)} *SIDS and other structurally weak, vulnerable and small economies* (G77&CHINA) ~~and other vulnerable developing countries~~ (EU), and the elaboration of strategies and policies for their effective participation in global supply chains;

(b)bis In line with supporting private sector-led development, UNCTAD must deepen its consultation with *relevant stakeholders including the* (Mexico) private sector actors to determine the key barriers to domestic and foreign investment, ~~in developing countries,~~ (EU) particularly in the least developed countries (LDCs). UNCTAD may do so by measuring countries' performance against benchmarks for private domestic and foreign investment, updating its evaluation and analysis of the factors by which countries are underperforming in terms of attracting private investment and focusing on high-potential sectors in LDCs which haven been identified as underperforming; (JZ) (G77&CHINA delete para)

(b)bis1 UNCTAD should provide an operational methodology and policy guidelines on how to mainstream productive capacities in national development policies and

strategies in LDCs so that productive capacities are placed at the centre of national and international efforts to address the specific needs and challenges of LDCs. In this regard, UNCTAD should (continue) develop quantifiable indicators and related variables to measure economy wide productive capacities in LDCs. (G77&CHINA)

(b)ter In line with its work on investment for development, particularly in investment in infrastructure, UNCTAD should assist ~~its member States~~ *developing countries* (EU) by assessing how best to catalyse the impact of investment flows by identifying the requirements for investment-ready enterprises, the platforms needed to connect investors to opportunities and best practices for leveraging the assets of foundations, private firms and other impact investors; (JZ) (G77&CHINA delete para)

(b)quater UNCTAD shall continue to ~~promote its work on~~ (G77&CHINA) competition policy and consumer protection standards (G77&CHINA) in developing countries and support capacity-building in ~~the implementation of~~ (G77&CHINA) competition policy and consumer protection standards; (G77&CHINA) *while taking into account the prevailing conditions in the developing countries;* (G77&CHINA, Mexico) (JZ) (GpD delete para)

(b)quinques UNCTAD shall continue to support trade capacity-building in developing countries, particularly LDCs; (Agreed)

(b)sexies UNCTAD should continue to give focus on the special needs and problems of structurally weak and vulnerable small economies in order to foster sustained economic growth and sustainable and inclusive development; (G77&CHINA)

(c) Exploring {new ideas and (EU delete)} (G77&CHINA retain) policies (EU) ideas and best practices (JZ, Mexico) to promote export diversification as a means to enhance inclusive growth and development, including diversifying into sectors related to creative economy and *others that generate and* (G77&CHINA) more value addition. ~~In this regard~~ Additionally, (Mexico) UNCTAD should continue its research and policy analysis in the STI area. (JZ, G77&CHINA, Mexico move to end of para) UNCTAD should also examine different strategic options for export diversification for developing countries at various stages of structural transformation;

(c)bis UNCTAD should support the development efforts of the middle-income developing countries in facing specific challenges of sustainable economic development and poverty reduction, (Mexico, G77&CHINA) in particular for the diversification of their economies through enhanced productive capacity, technology development and capacity building (G77&CHINA);

(d) Continuing to assist developing countries, in particular the LDCs, and countries with economies in transition, (Group D) to promote local entrepreneurship, {[develop policies to encourage public-private partnerships for infrastructure development, (EU delete)} (G77&CHINA)] [to ~~stimulate~~ *promote* (G77&CHINA) enterprise development and business facilitation, including the development of SMEs, as well as to improve the conditions for microenterprises in the informal economy *{strengthen SMEs' productive capacities and market access, including access to insurance and finance, and train entrepreneurs; G77&CHINA}*, with the aim of gradual integration to formal private sector; (EU)] {integrate SMEs, micro-enterprises and individuals in the formal financial sector, strengthen SMEs' productive capacities and market access, **including access to insurance and finance** (G77&CHINA), and train entrepreneurs;} {EU delete}

(e) {Researching ~~governance, in all its dimensions, with a view to helping partner~~ best practices for (JZ) countries to strengthen their institutional} {G77&CHINA delete} Supporting developing countries in strengthening their institutional (G77&CHINA)

capacity in the fields of trade, **science**, technology and investment, ~~and to build on the relevant transparency initiatives in these areas; (G77&CHINA)~~

(e)alt **Researching and providing technical assistance on in (JZ) the crucial important (JZ) fields of good (EU) governance [at all levels (JZ) (EU)] in all its dimensions, and the rule of law, (EU) with a view to fight corruption, helping partner countries (EU) to strengthen their institutional capacity of developing countries in the fields of on (EU) trade and technology development and investment, to create a sound environment for foreign and domestic investment, as well as to build on relevant internationally agreed transparency initiatives in these areas{, including in the area of improved financial and non-financial reporting of enterprises. (GpD)} with an emphasis on best practices based on experiences in (JZ) Emerging economies. {should share their experience of best practices on their way to development; and to build on the relevant transparency initiatives in these areas; (JZ delete)} (EU)**

(e)bis **Continue providing a forum for intergovernmental discussion, conducting research and technical assistance, aimed at improving financial and non-financial corporate reporting in accordance with internationally recognized standards, codes, best practices and benchmarks through its Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting. (Group D)**

(f) DELETED

(g)Promoting a more balanced set of arrangements to ensure that access to technology becomes part of a more inclusive development-centred globalization, including through **developing a code of conduct or guidelines on technology transfer for the benefit of developing countries as well as (G77&CHINA) international measures in support of technological development in developing countries. (EU, JZ delete subpara)**

(h)UNCTAD **should promote regional cooperation in formulating trade policy frameworks and competition and consumer policies, taking into consideration national developmental aspirations and domestic imperatives; (G77&CHINA) development plans and strategies. (EU, JZ)**

(i) UNCTAD **should sharpen its focus on building supply capacity in the areas of trade in services in developing countries (EU) through comprehensive national strategies and policy reviews. (G77&CHINA) (JZ, Group D delete subpara)**

116. DELETED

(aj) **Play a key role in the research, analysis and policy discourse, with a view to promoting the development and application of ~~green~~ clean (G77&CHINA, Mexico) technology, as well as the building of related local capacity; (EU, JZ delete subpara)**

(b) DELETED

(bk)alt **Assist, in the areas of trade and development and (EU) {within its (EU) existing resources} {JZ delete}, and as a part of the relevant taskforce, (EU) in the undertaking of the joint gap and capacity analysis for the establishment of the Science, Technology, and Innovation Centre as agreed in the IPOA; (JZ) (G77&CHINA delete subpara)**

(bk)alt2. **UNCTAD should strengthen its work on IP issues, particularly assisting developing countries to better implement a development oriented IP system, including through the use of appropriate flexibilities, exceptions and limitations. In doing so, UNCTAD must take due account of the WIPO Development Agenda recommendations. (G77&CHINA)**

(k)alt2bis Under the broader efforts to provide operational and strategic guidance for implementation for international commitments, UNCTAD should assist LDCs to undertake a gap and capacity analysis to establish and benefit from the International Science, Technology and Innovation Centre, as agreed in the Istanbul Programme of Action. (G77&CHINA)

(k)bis Taking into account the Development Agenda of the World Intellectual Property Organization (WIPO), UNCTAD should carry out research activities and analysis on trade and development related aspects of intellectual property rights, in particular the protection of traditional knowledge, genetic resources and folklore and on fair and equitable benefit-sharing. (G77&CHINA new)

(l) UNCTAD should, with the support of development partners, contribute to build national databases and statistical capacities in LDCs. (G77&CHINA)

(c) DELETED
