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**Development-centred globalization:**

**Towards inclusive and sustainable growth and development**

### President's suggested distilled negotiation text for UNCTAD XIII

25 April 2012

6 p.m.

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

##### **A. Policy analysis**

2. The financial crisis that struck shortly after UNCTAD XII ushered in the first contraction in the global economy since the 1930s. Its effects spread very rapidly and widely. The world's poorest countries were not spared. Despite the policy efforts of leading economies, both developed and developing, the global economic recovery remains fragile. (Agreed)

4. Another challenge is eliminating hunger and achieving food security. Securing adequate access to food – one of the most basic human needs – is a priority. The high volatility of food prices since UNCTAD XII has been a source of concern which in some cases, inter alia, has contributed to serious social and political consequences in some countries, in particular for net food-importing developing countries. (Cleared)

5. A further challenge has arisen around energy price volatility and access to energy, including renewable energy. The bulk of energy infrastructure has yet to be built in many developing countries, leaving energy services undersupplied and expensive. Meeting this need is essential for building inclusive development. (Cleared)

7. Development-centred globalization sets the stage for inclusive growth and development, and contributes towards reducing poverty and creating jobs. Discussions on globalization should be balanced, highlighting its benefits, acknowledging its risks and addressing its challenges. **(Cleared)**

8. Development strategies should be inclusive and designed to meet human needs. The role of the Millennium Development Goals (MDGs) and other internationally agreed development goals is still instrumental in achieving such needs by 2015. People have similar needs and aspirations, including freedom and human rights – in particular, the right to development, decent work, secure homes, all aspects of affordable health care, education, a safe environment, a better future for their children and good governance at all levels. Since these ends are closely interconnected, development strategies should be based on an integrated and holistic approach if the desired policy options outcomes are to emerge. **(Cleared)**

10. Development strategies can be furthered by partnerships and cooperation among all stakeholders. **(Cleared)**

11. Each country has the primary responsibility for its own economic and social development, and national development efforts need to be supported by an enabling international economic environment. The State, having an important role to play, working with private, non-profit and other stakeholders, can help forge a coherent development strategy and provide an enabling environment for productive economic activity. **(Cleared)**

12. Sustained and inclusive growth and development are enabled, among others, by the mobilization and effective utilization of all sources of financing for development, as reaffirmed in the Doha Accord and the Monterrey Consensus. To this end, an enabling economic environment at all levels is essential, as inclusive economic development contributes to global peace, security, stability and prosperity. **(Cleared)**

13. Industrialization is a priority for developing countries and some countries with economies in transition, because it promotes positive structural transformation and promotes mutually supportive linkages between investment, productivity and employment. A diversified economy largely 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. **(Cleared)**

15. Effective multilateral cooperation depends on the support of, and enhanced synergy among, a range of international institutions that have evolved over the past six decades. Globalization calls for broadened and strengthened participation of developing countries and countries with economies in transition in international economic decision-making and norm-setting. **(Cleared)**

## **B. The role of UNCTAD**

16. The Accra Accord pursued a constructive trade and development agenda, and was anchored by the three pillars of UNCTAD: policy analysis, consensus-building and technical cooperation. The outcomes of UNCTAD XIII reaffirm and build upon the Accra Accord, which remains valid and relevant. **(cleared)**

17. UNCTAD remains the focal point in the United Nations for the integrated treatment of trade and development, and interrelated issues in the areas of finance, technology, investment and sustainable development. UNCTAD should continue to work within its mandate – through its three pillars, delivering meaningful results, utilizing available resources, while enhancing synergies and promoting complementarities with the work of other international organizations. In this regard, UNCTAD should: **(cleared)**

(b) UNCTAD's mandate and its universal membership make it a valuable forum for development dialogue. UNCTAD should continue to play its role in the evolution of a stronger global consensus on issues falling within its mandate; **(Cleared\*)**

(e) Continue to monitor and assess the evolution of the international trading system and its trends from a development perspective; (Agreed)

(f) Enhance the effectiveness of its contributions to the Enhanced Integrated Framework (EIF), including working with others to mainstream trade in least developed countries' (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)

(g) Place specific attention on the special needs of developing countries, particularly LDCs; (Agreed)

(i) Continue to address the special concerns and needs of Africa, including as articulated in the New Partnership for Africa's Development; **(Cleared)**

(k) Continue its work in helping small island developing States (SIDS) to address persistent trade and development challenges that they encounter, including by contributing to ongoing United Nations-level discussions on the further implementation of the Barbados Programme of Action and the Mauritius Strategy for the sustainable development of SIDS; **(Cleared)**

(l) 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; **(Cleared)**

(l)bis Continue to support the development efforts of middle-income countries in facing specific challenges of sustainable economic development and poverty reduction; **(Cleared)**

(m) Continue to support countries with economies in transition in addressing their specific trade and development challenges; **(Cleared)**

(n) Implement and follow up, as appropriate, relevant outcomes from global conferences and summits on development. **(Cleared)**

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

### **A. Policy analysis**

21. A number of 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. Those efforts have, in many cases, been accompanied by rising trade, investment and capital flows. **(Cleared)**

22. While sustained economic growth is important, it is also necessary to broaden the basis of growth so that more people can benefit from and contribute to growth. An enabling environment at all levels is a necessity for this. The MDGs and other internationally agreed development goals are a basis for promoting inclusive and sustainable development. **(Cleared)**

23. For trade to serve as an engine of inclusive growth and development, the multilateral trading system must remain open, transparent, inclusive, non-discriminatory and rules-based. The effective integration of developing countries, in particular LDCs and countries with economies in transition, into the multilateral trading system should remain a priority. **(Cleared)**

24. States are strongly urged to refrain from promulgating and applying any unilateral economic, financial, or trade measures 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. Meaningful trade liberalization will also require addressing non-tariff measures including, inter alia, unilateral measures, where they may act as unnecessary trade barriers. **(Cleared)**

26. Effective macroeconomic and debt management policies play an important role in fostering debt sustainability and economic development, and debt crisis prevention. Many countries have managed to sharply reduce their overall debt-to-gross domestic product (GDP) ratio, in some cases assisted by the Debt Management and Financial Analysis System (DMFAS) Programme, and relevant initiatives such as the Heavily Indebted Poor Countries (HIPC) and the Multilateral Debt Relief Initiative (MDRI). Progress is needed on restructuring public debt. **(Cleared)**

27. The global economic crisis has highlighted the importance of prudent fiscal policies. Some developing countries had the fiscal space to respond to the global recession with countercyclical policies. In this context, the importance of fiscal buffers should not be underestimated, as fiscal stimulus is one of the tools for stabilizing macroeconomic conditions. However, many developing countries still have little fiscal space and a number of African and least developed countries are at a high risk of debt distress. **(Cleared)**

28. Adequate regulation and supervision of financial markets and debt management, and promotion of responsible sovereign lending and borrowing, can play important roles with regard to promoting financial stability as well as with respect to crisis prevention and resolution mechanisms. **(Cleared)**

## **B. The role of UNCTAD**

32. In accordance with paragraph 17, UNCTAD should: (cleared)

(b) Assist regional cooperation organizations better address economic challenges and opportunities, including with regard to globalization; **(Cleared)**

(e) (c)bis2 Determine 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)

(g) Address the trade and development impact of non-tariff barriers; **(cleared)**

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

(k) 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)

(n) Continue to assess the economic development prospects of the occupied Palestinian territory and examine obstacles to trade and development, and should strengthen its programme of assistance to the Palestinian people with adequate resources and effective operation activities, as part of the international community's commitment to building an independent Palestinian State, and with a view to alleviating the adverse economic and social conditions imposed on the Palestinian people, in line with the Accra Accord. **(Cleared)**

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

#### A. Policy analysis

33. Given the changes and dynamism in the global trade and economic landscape, the international community must encourage all forms of cooperation, and renew and strengthen approaches to partnerships for trade and development. 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, as well as promoting accelerated stable economic growth and greater openness. Partnerships for development should enhance collaboration between the private and public sectors. **(Cleared)**

35bis. Official development assistance (ODA) continues to provide an important source of assistance and financing for many developing countries, in particular LDCs, in their pursuit of the MDGs. ODA also plays an important catalytic role in leveraging financing for development from other sources. Donors should respect their ODA commitments, as reaffirmed in the relevant United Nations conferences and meetings, including in the outcome of the 2010 High-Level Plenary Meeting on the Millennium Development Goals. **(Cleared)**

36. The Aid for Trade initiative has gained prominence in the international aid discourse since it was introduced by the World Trade Organization (WTO) in 2005 and mobilized resources for trade-related assistance. This initiative recognizes that, to fully benefit from international trade, developing countries, especially LDCs, need targeted financial support for trade-related technical assistance, building productive capacity and infrastructure, and trade-related adjustment support. In this regard, adequate, efficient and outcome-oriented aid for trade, as well as its greater prioritization in overall development strategies, is needed. Reaching these objectives requires that recipient countries mainstream trade issues in their overall national and regional development strategies to ensure coherence between trade and development. In this regard, the Enhanced Integrated Framework (EIF) is important to LDCs. **(Cleared)**

39. Many developing countries have varied progress towards achieving the MDGs. It is thus important to effectively harness all forms of cooperation and partnership for trade and development and to share best practices of these varied experiences to accomplish the internationally agreed development goals, including the MDGs, and to foster beneficial integration into the world economy. **(Cleared)**

#### B. The role of UNCTAD

40. In accordance with paragraph 17, UNCTAD should: (cleared)

(d) Continue to support South–South trade cooperation initiatives, including the Global System of Trade Preferences (GSTP). **(Cleared)**

(e) Analyse regional and subregional integration efforts and their contribution to development, diversification of national economies and building up of infrastructures within and between developing countries; **(Cleared)**

(g) Continue to provide research and analysis and facilitate the sharing of best practices to help enhance the effectiveness of triangular cooperation, among others, in promoting trade and development; **(Cleared)**

(i) Explore ways to maximize the development impact of the trade-related assistance that UNCTAD provides and play an active role in the Aid for Trade Initiative; (Cleared)

(j) Undertake analyses and consider developing, where appropriate, related tools on national and international efforts to enhance the impact of development cooperation including on the alignment of ODA with national development priorities; (Cleared)

(k) 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; (Cleared)

(n) Assist LDCs to face the challenges of graduation from the LDCs category, including strategies for facilitating smooth transition, a clear understanding of the post-graduation environment, better focus of efforts on promoting their development, and creating suitable and robust economic and legal frameworks and institutional capacity in the field of trade and investment; (Cleared)

(o) Continue to monitor progress of LDCs towards graduation thresholds with a view to identifying challenges ahead for action at national and international levels in coordination with the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (OHRLLS). (Cleared)

#### **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**

41. The world economy faces a series of persistent and emerging challenges to stable and strong economic growth and inclusive and sustainable development. This calls for policies and actions that address these challenges, promote trade and investment, and foster development-centred globalization. Such measures have to be tailored to local capabilities, conditions and needs, as there is no universal blueprint. Also, integrated approaches to development in an interdependent and open world economy would be required at the national, regional and international levels. A stable and conducive policy and institutional environment that promotes entrepreneurship, competitiveness, productive capacity building, structural transformation, technological improvement and job creation would also be important. (Cleared)

45. Development of, and access to, services, supported by adequate regulatory and institutional frameworks, are important for sound socio-economic development. (Cleared)

46. Development of infrastructure, physical and soft, has a strong impact on production and trade and on attracting foreign direct investment (FDI). In this regard, in recent years, the participation of the private sector has increased. Governments continue to play an essential role as both providers and regulators of infrastructure and other public services. New approaches should be explored to help tackle persistent challenges facing many developing countries, particularly LLDCs, including high transport and commercial transaction costs, and weak logistical capacities. These challenges, many of which are also shared by some countries with economies in transition, are compounded by other factors, such as volatile energy prices. (Cleared)

47. In order to achieve food security and promote sustainable economic development, it will be important to strengthen agricultural production capacity, as well as facilitate greater integration of farmers into local, regional and international markets. (Cleared)

52. The empowerment of women is of crucial importance among others for harnessing the potential for inclusive growth and development. Women's engagement in trade and economic opportunities, employment in export sectors, production of cash crops and the creation of new business, especially by women entrepreneurs, enables them to make productive investments and reduce poverty. Obstacles to women's empowerment include gender bias and income inequality, which should be tackled through appropriate measures. **(Cleared)**

54. Information and communications technology (ICT) has become an important feature of the increasingly globalized and knowledge-based economy. The Internet and other ICTs can contribute to job creation, enhance access to information, enhance interaction through social networks, and enable transparent and efficient commerce between customers and suppliers. The wider diffusion of ICTs, improved access to the Internet and the development of ICT-related infrastructure are essential to bridging the digital and broadband divide. Developing countries can maximize their benefit from ICTs by formulating and implementing national ICT policies. **(Cleared)**

55. The multi-faceted economic and development implications of changing environmental conditions, including climate change, pose major policy challenges, as well as opportunities, at the national, regional and international levels. Of special significance for developing countries are the economic aspects, and costs, of mitigation and adaptation. International cooperation under existing multilateral instruments should contribute to supporting developing countries, particularly the most vulnerable countries, in addressing challenges and opportunities. **(Cleared)**

## **B. The role of UNCTAD**

57. In accordance with paragraph 17, UNCTAD should: (cleared)

(a) Provide developing countries, in particular LDCs, and countries with economies in transitions that are acceding to WTO with technical assistance and capacity-building prior to, during and in the follow-up to the accession process, depending on their level of development and needs; **(Cleared)**

(c) In collaboration with WTO, the International Trade Centre (ITC) and other relevant partners, consolidate its work on databases on non-tariff measures and continue its analysis on the impact of non-tariff measures on trade and development prospects of developing countries, in particular LDCs, and continue its participation in the Transparency in Trade Initiative (TNT); **(Cleared)**

(d) Continue its work on services; **(Cleared)**

(e) Support, through its research and policy dialogue, efforts to improve access to finance for and delivery of financial services to SMEs, microenterprises and individuals in developing countries; **(Cleared)**

(ii) Continue its work on organic agriculture; **(Cleared)**

(l) Provide assistance for developing countries and countries with economies in transition on regional trade arrangements, in collaboration with United Nations Regional Commissions and other relevant institutions; **(Cleared)**

(o) In collaboration with the International Labour Organization (ILO), WTO and other relevant organizations, continue its work on the impact of trade on employment and inclusive and sustainable development, with special focus on the poor and youth; **(Cleared)**

(r) Continue capacity-building activities including TrainForTrade and in the framework of paragraph 166 of the Bangkok Plan of Action; **(Cleared)**

(t) Continue to provide policy analysis and capacity-building on insurance regulatory frameworks and risk management for developing countries that are particularly vulnerable to catastrophic risks. **(Cleared)**

**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**

58. International trade can be an engine of economic growth and socio-economic development. All developing countries can benefit from world trade, including through greater trade flows, that help promote sustainable development and the eradication of poverty. **(Cleared)**

60. Building productive capacity is key to fostering sustained economic growth and inclusive development. It can be expanded through a balanced policy mix approach, which, among others, include cost-effective and appropriate incentives to encourage investments in wealth-creating activities, as well as in the provision of education, training, improving levels of health and nutrition, and increased research and development capacity that helps to build knowledge base. **(Cleared)**

61. Industrial policies play an important role in establishing dynamic and sustainable development in many countries. These need to be complemented with other policies in relevant areas if they are to have their full and intended effect. This includes economic diversification, improving international competitiveness and realizing more sustainable and inclusive outcomes. **(Cleared)**

**B. The role of UNCTAD**

**64ter** In accordance with paragraph 17, UNCTAD should: (cleared)

(a) Continue its work on investment policy review and enterprise development as well as research and policy dialogue on the impact of FDI and other private international capital flows, the interaction of FDI and domestic investment, the relationship between ODA and FDI, as well as the link between FDI and regional integration, to achieve inclusive growth and sustainable development. UNCTAD should continue its consultation with private-sector actors and assist developing countries to improve their performance in attracting private domestic and foreign investment in order to identify key barriers to investment; **(Cleared)**

(b) Continue its research on issues related to the impact of FDI and other private international capital flows on inclusive growth and sustainable development, including through the *World Investment Report*, on the interaction of FDI and trade in global value chains, non-equity modes of production, trade promotion, infrastructure, job creation, public services, ODA and regional integration; **(Cleared)**

(d) 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 to further develop quantifiable indicators and related variables to measure economy-wide productive capacities in LDCs; **(Cleared)**

(f) Provide analytical work and technical assistance to developing countries, particularly LDCs and countries with economies in transition in the areas of trade and economic diversification and structural transformation to enhance growth and development; including sectors related to creative economy, entrepreneurship and others that generate more value addition; **(Cleared)**



(f)bis Continue to assist structurally weak and vulnerable small economies in their efforts to promoting investment and building productive capacity; **(Cleared)**

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