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Commission on its second session**

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I. Chair's summary

Opening of the session

1. The Secretary-General of UNCTAD, Mr. Supachai Panitchpakdi, delivered an opening statement. Statements were also made by (a) the representative of Cuba on behalf of the Group of 77 and China; (b) the representative of Egypt on behalf of the African Group; (c) the representative of Bangladesh on behalf of the Asian Group; (d) the representative of Costa Rica on behalf of the Group of Latin American and Caribbean Countries (GRULAC); (e) the representative of the European Union Delegation on behalf of the European Union and its member States; (f) the representative of Nepal on behalf of the Least Developed Countries (LDCs); (g) the representative of Paraguay on behalf of the Landlocked Developing Countries (LLDCs); and (h) the representative of Sudan on behalf of Arab States. Representatives of the following States also made statements on behalf of their individual countries: Algeria, Angola, China, Indonesia, the Islamic Republic of Iran, the Syrian Arab Republic and the United States of America.

2. The Secretary-General of UNCTAD emphasized, "Business as usual is not an option" as a fragile recovery in the world economy was taking hold, following the global financial and economic crisis. For example, global trade, which had contracted by about 12 per cent in 2009, was expected to rebound by about 5.4 per cent in 2010, a rate much lower than in the pre-crisis period, with annual average growth rates of 6–11 per cent. Also, social indicators had not improved much – for example, global unemployment, according to the International Labour Office, exceeded 200 million in 2010. The World Trade Organization (WTO) Doha Round, which was intended to bring tangible development benefits, was at a stalemate. There were worrying signs of shifts away from multilateralism in favour of preferential trade agreements. Bilateral and regional free trade agreements were proliferating, with about 226 operational agreements plus obligations with implications for most favoured nation (MFN) and non-discrimination principles and policy space for developing countries.

3. The Secretary-General added that moving out of a crisis of such magnitude offered a rare historical chance for change. He said that "new development paths" were needed to ensure sustained global recovery. Those should be based on diversifying developing-country economies, on a pragmatic balance between the roles of the market and government policy, and on reorienting international trade, financial, and monetary cooperation towards more equitable, sustainable, and coherent global governance systems. That would mean reviewing trade-related policies and measures in the post-crisis context and assessing their implications for trade and economic growth of developing countries. It would require, moreover, exploring further the link between trade, investment, productive capacity and growth, and how that growth translated into concrete outcomes such as poverty reduction and economic development. Countries needed to develop their own best-fit policy frameworks and institutions based on pragmatic approaches, continuous experimentation, sequencing and calibration of reforms to local conditions and development goals, signifying a key role for the State.

4. Improving the productive capacities of developing countries to produce goods and services of greater sophistication and in greater variety was considered vital for making stable economic progress, creating jobs, raising living standards and reducing poverty. This was particularly relevant in the case of LDCs. For landlocked and transit developing countries in particular, such capacities must involve improving trade-related infrastructure. That included transport and trade facilitation, trade logistics and meeting product standards.

5. The Secretary-General also expressed that sustaining the recovery required, in addition to building demand in industrialized countries, that developing countries look increasingly to South–South trade for new market opportunities. This was not unrealistic, given that many developing countries had performed relatively better and survived the crisis with less damage than in previous recessions. In that connection, it was crucial that the developing countries participating in the São Paulo Round of Global System of Trade Preferences (GSTP) negotiations conclude the negotiations by the end of September 2010, as agreed by their ministers last December.
6. Multilaterally, there was need for the conclusion of the Doha Round so that it could fulfil its development promise. Furthermore, protectionist actions would have to be resisted by all countries, and the impact on development of non-tariff measures would have to be monitored. Reducing global imbalances would be a key preoccupation of policymakers.
7. He added that new development paths also must not ignore the urgency of building a less carbon-intensive economy to address climate change. This required enhancing policy coherence between trade, development and climate change. A less carbon-intensive economy could lead to job creation, poverty alleviation, food and energy security and trade and development.
8. The Secretary-General also underlined the necessity for reforms of the global financial and other governance systems, as being considered by the Group of 20 industrialized and developing nations (G-20), and in that process to integrate the Southern perspective more explicitly. The imperative of fostering a more inclusive governance mechanism for global economic policymaking, however, called for global solutions through the G-192 and the United Nations.
9. Most delegations expressed concern about the serious adverse impact of the global crisis on development, bringing about a reversal of progress towards the Millennium Development Goals (MDGs) and putting their achievement by 2015 at risk, significant increases in unemployment, sharp contraction of international trade and investment flows, high indebtedness and increased risk of reduction in official development assistance ODA flows. All countries were affected but to different degrees. It was also expressed that the crisis adversely affected migrants and flows of remittances, so there was a pressing need to identify ways of realizing the full potential of migrants and their contribution on trade and development. Some delegations expressed that the ongoing crisis had degenerated into a developmental crisis. There was thus need for national, regional and global actions to develop an equitable and developmental economic system. Globalization needed to be positively harnessed to proactively promote development.
10. Many delegations expressed the view that the various crisis mitigation strategies and counter-cyclical stimulus packages had contributed to global recovery in economic growth and trade. The acute phase of the crisis had thus passed. However, exit strategies from the crisis thus should be carefully designed. Moreover, the recovery remained fragile and scattered (or sporadic) among a few countries and was not widespread. There was thus need for renewed common commitment to strengthen the enabling environment for international trade and expedite progress towards inclusive growth, development and prosperity. In that regard, delegations underlined the need to address the root causes and the global imbalances, including in levels of development between the North and South, and to consider new development approaches that were inclusive, equitable and socially, economically and environmentally friendly. Trade, which was not a source of the crisis, was key to recovery, growth and development in the post-crisis period. It was also an engine for employment creation and poverty alleviation. Countries needed to work together to create new trade flows and meaningful market opportunities.

11. Some delegations noted that not all developing countries, especially LDCs, had the financial capacity to undertake significant trade financing or fiscal stimulus. In addition, some of the more vulnerable economies such as LLDCs were more susceptible to the effects of the crisis. Strengthening international support for those countries was thus important in helping them to recover and build economic resilience. In that connection, several delegations stressed a need for increasing the quantity and quality of ODA, including Aid for Trade and the Enhanced Integrated Framework (EIF). One concrete example mentioned was the EU ad hoc Vulnerability Flex (V-Flex) to mobilize funds to support the most vulnerable economies of the African, Caribbean and Pacific Group of States (ACP).

12. In sharing experiences on effectively dealing with the global crisis, the following strategies and measures were suggested by delegations as successful in withstanding the crisis and could insulate economies from future crises: (a) stimulating domestic demand, and stabilizing external demand (b) providing social safety nets; (c) strengthening domestic demand; (d) promoting integrated and development-oriented strategies of structural transformation; (e) upgrading infrastructure; (f) strengthening productive capability development linked with trade; (g) enhancing commodity sector development, especially in agriculture for food security; (h) supporting small and medium-sized enterprises (SMEs), including through provision of credit facilities and cash incentives; (i) developing human capital and technological development; (j) fostering low-carbon, climate-friendly trade and investment measures; (k) strengthening South–South trade and regional trade, financial and monetary cooperation (such as the Mai Initiative Multilateralization agreement), and as a complement to North–South cooperation; (l) establishing prudent fiscal policies; (m) reforming the financial systems, including strengthening bank supervision; (n) enhancing the role of development banks; and (o) elaborating and implementing trade policies which were pro-business, pro-job creation and pro-poor. In the case of LDCs, new generation trade and trade-related policies were needed for deeper industrial, agricultural, services, investment and technological development. Many delegations expressed that an active role of the State and policy space was important. There was not a one-size fits-all approach and each country had to develop its own unique policies.

13. Many delegations stressed the importance of keeping markets open and global trade and investment flowing, avoiding protectionism and non-tariff barriers, removing trade-distorting policies, and providing trade financing. Preferential trading schemes, such as duty-free, quota-free schemes for LDCs, could provide improved market access. Most delegations underlined the crucial role of a strong multilateral trading system in containing protectionism and hence the importance of concluding the Doha Round with development-oriented outcomes. The realization of the commitment in the Millennium Declaration and MDG-8 to an open, equitable, rule-based, predictable and non-discriminatory multilateral trading system and the effective integration of developing countries into such a system remained a key challenge. Some delegations expressed that facilitating and improving accession of developing countries to WTO was also important. However acceding developing countries often faced terms of accession that went beyond their level of development and existing WTO Agreements. LDCs' accession should be accelerated through simplified and streamlined accession procedures.

14. Many delegations stated that strengthened international coordination and cooperation to address global macroeconomic and trade imbalances and foster greater coherence between the international trading, financial and monetary systems was important. Some delegations stressed deep reforms of multilateral institutions and development banks to ensure inclusive and equitable financial and economic governance.

15. All delegations expressed that the services sector, particularly infrastructure services, were important for competitiveness, employment creation, ensuring access to

basic services, especially for the poor, and achievement of the MDGs, including poverty alleviation. The services sector could also help foster economic recovery and bolster economic resilience. Adequate policy, regulatory and institutional frameworks were important to ensure soundness and sustainability of services sectors. The financial crisis underlined in particular the need for strengthening regulatory and prudential framework in the financial sector. Several delegations highlighted the relevance of National Services Policy Reviews conducted for some developing countries with UNCTAD's support, and called for such reviews to be replicated for other countries. Many delegations called for a strengthening of UNCTAD's work on services, trade and development.

16. Some delegations pointed out that transport and trade facilitation infrastructure and transit issues had to be improved in developing countries to trade competitively, particularly in LDCs, LLDCs and transit countries. They also encouraged UNCTAD's technical assistance and capacity-building to LLDCs on transport and trade facilitation to be continued.

17. All delegations agreed that tourism could stimulate broad-based economic growth, create employment and development benefits. Trade in tourism services were a key source of income for many developing countries. Tourism had special links with the environment and society due to its dependency on quality environments, cultural distinctiveness and social interaction as well as security. Effective national and regional tourism strategies and policies, regulation and enforcement mechanism and dedicated institutions were necessary to strengthen economic linkages, reduce leakages, maximize the gains and minimize the negative environmental and social impacts. Developing national tourism strategies, including trade policies, stimulating entrepreneurship, and attracting investment were critical. Promoting regional cooperation and trade in tourism could enhance the expected gains.

18. Delegations underlined the important role of the Trade and Development Commission and its timeliness in discussing contemporary trade issues such as the global crisis and how to overcome it. Delegations also commended the substantial and high-quality work carried out by the secretariat on trade and development, and appreciated the secretariat's notes on successful trade and development strategies for mitigating the impact of the global economic and financial crisis, and on the contribution of tourism to development, which provided comprehensive analyses and policy recommendations on key issues for the post-crisis period.

II. Organizational matters

A. Opening of the session

1. The second session of the Trade and Development Commission was opened at the Palais des Nations, Geneva, on 3 May 2010, by Mr. Khonkder Talha (Bangladesh), Vice-Chair of the Commission at its first session.

B. Election of officers

(Agenda item 1)

2. At its opening plenary meeting, on 3 May 2010, the Commission elected the following officers to serve on its Bureau:

Chair: Mr. A. Hernandez Basave (Mexico)

- Vice-Chairs:** Mr. Ruwanthi Ariyaratne (Sri Lanka)
Mr. Bakary Junior Bamba (Côte d’Ivoire)
Mr. Konrad Scharinger (Germany)
Ms. Zehra Unlu (Turkey)
Ms. Erika Koszegi (Hungary)
- Rapporteur:** Mr. Garikai Kashitiku (Zimbabwe)

C. Adoption of the agenda and organization of work

(Agenda item 2)

3. At its opening plenary meeting, the Commission adopted its provisional agenda (TD/B/C.I/6). The agenda was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Reports of expert meetings:
 - (a) Reports of the multi-year expert meetings:
 - (i) Multi-year Expert Meeting on Commodities and Development
 - (ii) Multi-year Expert Meeting on Services, Development and Trade: the Regulatory and Institutional Dimension
 - (iii) Multi-year Expert Meeting on International Cooperation: South–South Cooperation and Regional Integration
 - (iv) Multi-year Expert Meeting on Transport and Trade Facilitation
 - (b) Report of the Intergovernmental Group of Experts on Competition Law and Policy
 - (c) Reports of the single-year expert meetings:
 - (i) Expert Meeting on Green and Renewable Technologies as Energy Solutions for Rural Development
 - (ii) Expert Meeting on the Contribution and Effective Use of External Resources for Development, in Particular for Productive Capacity-building
4. Successful trade and development strategies for mitigating the impact of the global economic and financial crisis
5. The contribution of tourism to trade and development
6. Promoting and strengthening synergies among the three pillars
7. Other business
8. Adoption of the report of the Commission to the Trade and Development Board