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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

COMPILATION OF STATEMENTS AND PRESENTATIONS MADE DURING THE COMMISSION SESSIONS*

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CONFÉRENCE DES NATIONS UNIES SUR
LE COMMERCE ET LE DÉVELOPPEMENT

UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT

Commission on Enterprise, Business Facilitation and Development
9th Session, Geneva, 22-25 February 2005

INFORMAL PAPER BY THE SECRETARIAT FOR THE COMMISSION ON ENTERPRISE

24 February 2005

TRADE AND DEVELOPMENT BOARD
Commission on Enterprise, Business Facilitation and Development
Ninth session
Geneva, 22-25 February 2005
Agenda item 8

Summary of the links between the Millennium Development Goals and UNCTAD's work on enterprise, business facilitation and development

Improving the competitiveness of SMEs through enhancing productive capacity

Strengthening the competitiveness of domestic enterprises, particularly SMEs, is vital for developing countries to benefit from international trade and investment opportunities and to contribute to the achievement of the international development goals including those contained in the Millennium Declaration, in particular, Goal 1 on "eradication of extreme poverty and hunger".

The promotion of private sector growth to create jobs and generate more income is one effective way to reduce poverty. The recently published Millennium Project Report entitled "Investment in Development: A Practical Plan to Achieve the Millennium Development Goals", particularly stresses in its Recommendation 2 the importance of promoting the private sector. SMEs form a significant portion of the private sector, representing the bedrock of economic development, providing the foundation for developing entrepreneurial skills, creating sustainable livelihoods that lead to a dynamic that allows poverty – whose immediate and most urgent expression is hunger – to be reduced.

The Commission discussed how enterprise internationalization could help to enhance the productive capacity of developing country firms and to promote the SME sector in developing countries. The need for a coherent policy framework, institutional building and effective support measures was highlighted, including the need for a flexible combination of public intervention and market freedom, of macro- and micro policies, and public- private partnerships. More specifically the Commission addressed such means of enterprise internationalization as TNC-SME linkages, global value chains, and outward investment, and what could be done to ensure that their benefits and advantages are adequately utilized and related risks are properly addressed. It was also stressed that the problem of capital and finance access is particularly crucial and still unresolved for the majority of SMEs in most developing countries, thus it is important to further explore finance related issues.

The Millennium Project Report also suggests that "the key to achieving the Goals in low-income countries is to ensure that each person has the essential means to a productive life", which inter alia requires adequate human capital, of which entrepreneurial skills is one of the key elements. The Commission considered the issue of how to unleash the potential of entrepreneurship in developing countries, including, inter alia, through the EMPRETEC programme.

Development goals also include a need to develop a global partnership for development, requiring the further development of an open, rule-based, predictable and non-discriminatory trading and financial system that includes a commitment to development and poverty reduction. A policy framework and regulatory environment conducive to SME development, the need for which was discussed during the Commission, would contribute to achieving such a goal. In this sense, the Commission stated that new means of enterprise internationalization could constitute a new opportunity for partnerships in the context of South-South cooperation.

Efficient transport and trade facilitation to improve participation by developing countries in international trade

The availability of and access to adequate transport services is a prerequisite for the creation or maintenance of productive and supply capacities in developing countries. It is generally recognized that the implementation of targets related to Goal 8 (Develop a Global Partnership for Development) requires linkages and networking of developing countries. Internationally agreed instruments aimed at improving the situation of countries in special needs, such as the Barbados Plan of Action for SIDS and the Almaty Programme of Action, clearly recognize the importance of transport in the development process of these countries.

Efficient transport and trade facilitation provide the background for increased competitiveness of developing countries and enable access to global markets. Given the rapid progress in liberalization of trade, international transport costs have, in many cases, become a heavier burden for developing countries than Customs tariffs. Expenditures on international transport account for an ever-increasing share of developing countries' national income. The quality and reliability of transport services are decisive for export competitiveness and consequently the integration of developing countries into the global economy.

The linkages between efficient transport and development prospects are particularly crucial for countries in special needs. Landlocked developing countries, for instance, are confronted with additional obstacles to access to world markets which need to be overcome by transit transport arrangements that bring together private and public sectors from landlocked and transit countries and that take into account recent developments in international logistics. UNCTAD's contribution to the implementation of the Almaty Programme of Action can be expected to greater contribute to reducing transit transport costs, improving the quality of transport services available to landlocked countries and increasing the contribution of international trade to their development process.

ICT and e-business for development

The link between ICT and the Development Goals is explicit in the second paragraph of the Geneva Declaration of Principles of the World Summit of the Information Society: "Our challenge is to harness the potential of information and communication technology to promote the development goals of the Millennium Declaration". UNCTAD explores how ICTs can be critical enablers in the development process and how they can offer to developing countries the opportunity to 'leapfrog' several stages of development by progressing to the Information Society. A 2004 UN ICT Task Force Working Party on ICT Indicators and the Mapping of the Development Goals notes that ICTs are an important catalyst in the multi-lateral collaborative effort to achieve these goals by furthering communication and exchange of information and supporting specific development initiatives.

Specifically, ICTs can contribute to Goal 1 of eradicating extreme poverty and hunger by promoting economic and social opportunities for the poor is an essential element of poverty reduction, and investments in ICT or ICT-related sectors can create jobs and add value. In primary education (Goal 2), ICTs can broaden the availability of quality educational material and enhance the efficiency of educational administration and policy, including by exploring the opportunities offered by ICT-enabled distance learning.

ICTs can enable awareness-raising efforts on the promotion of gender equality (Goal 3), and increase economic and educational opportunities for women. They can also support health-related development goals (Goals 4, 5, 6), including by providing an effective and cost-effective channel for the distribution of health information to the general public, and enabling remote healthcare services and collaboration between health workers. In a similar way, ICTs enable awareness-raising on environmental issues (Goal 7), and can play a role in environmental monitoring and associated resource management and risk mitigation.

Finally, Goal 8 aims at developing a Global Partnership for Development, including in cooperation with the private sector and to make available the benefits of new technologies, especially ICT to all. The Partnership on ICT for Development launched at UNCTAD XI contributes to progress towards this goal through its components on the measurement of ICT, on e-tourism, on e-finance, and on free and open source software.

CONFÉRENCE DES NATIONS UNIES SUR
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UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT

Commission on Investment, Technology and Related Financial Issues
9th Session, Geneva 7- 11 March 2005

PANEL DISCUSSION ON

MILLENNIEUM DEVELOPMENT GOALS "THE ROLE OF FDI, TECHNOLOGY, ENTERPRISE COMPETITIVENESS"

Statement by Professor Jeffrey D. Sachs
Thursday, 10 March 2005

The UN Millennium Project's report *Investing in Development* was presented to Secretary-General Kofi Annan on January 17th. The Secretary-General will draw from the Millennium Project's work in his report to the high-level plenary meeting of the 60th General Assembly in September 2005.

The essence of our report, I think, is very relevant for the Commission on Investment and Technology. Our philosophy for achieving the Millennium Development Goals centers on making practical investments in development. The poorest countries simply lack the basic investments necessary to achieve the Millennium Development Goals. Whether in healthcare, infrastructure, environmental management or other areas, investment levels are insufficient to provide a private sector base for dynamic economic growth.

Dozens of the poorest countries are not benefiting from globalization because they are economically isolated from global markets. This is not the case in Asia, where globalization has reduced poverty as countries engage in trade, technological upgrading, and rapid growth. However, simultaneously we see several dozen countries, particularly in Africa, but also in parts of Asia and Latin America, that are not achieving that kind of dynamism because, for one reason or another, they are simply not part of the global trade and finance dynamic.

Now, in some cases, that is the fault of the countries themselves. Their policies are not suitably stable, macro-economically responsible, or micro-economically effective enough to encourage trade and investment. Many countries continue to live in a self-imposed exile from the world in a highly destructive manner.

However, our focus is not on those countries. It is easy to identify those. Our focus is on countries that are trying their best to be part of the world system but are simply unable to attract foreign investment. They lack the sectors in which they can be competitive exporters. For those countries to become more dynamic in the global market, we must find ways to spur investment. Often, initial public investment to provide basic services is required before private investment can be attracted.

Consider the situation in a large part of sub-Saharan Africa. There, poverty is extreme, and more than 60% of the population lives in rural areas. Most people are farmers, in most cases small holder-farmers living at subsistence level. They are not connected to the world economy.

These countries are not receiving foreign direct investment, and their exports tend to be primary commodities such as coffee, tea, sisal, oil, gas, copper, or iron-ore. Exports are neither labour-intensive manufactures nor international services. The result is that these countries become vulnerable to a decline in the terms of trade or price volatility, all the shocks of natural hazards, of drought or pest infestations, all of which prevents them from escaping the poverty trap. They often fall further and further behind.

Many subsistence economies are experiencing declining food production per capita and increasing hunger. UNCTAD has written about this for many years. The Trade and Development Reports and World Investment Reports have vividly described the economic isolation of the poorest primary commodity-dependent countries, and UNCTAD deserves praise for its careful, methodical, systematic treatment of these issues over the years.

When considering how to solve these problems, we do see two fundamental transitions needed in the poorest countries, especially sub-Saharan Africa. One is the transition from subsistence agriculture to commercial agriculture, and the second is the transition from informal urban services to urban export-oriented manufactures and services. The transition from subsistence to commercial agriculture requires a Green Revolution in Africa that is not unlike the Green Revolution that took place in Asia. The problem is that Africa's agro-ecological conditions are much tougher. Asia benefits from the irrigation from major rivers – the Ganges, the Mekong, the Yangtze and the Yellow Rivers – whereas African agriculture tends to be almost entirely rain-fed, vulnerable, drought-ridden, and lacking proper fertilizer. The UN Millennium Project calls for a massive, supply-side increase in basic rural infrastructure, soil nutrients, agro-forestry, feeder roads, and subsidized fertilizer, to break out of this downward spiral of subsistence agriculture. We believe that crop yields can be doubled or tripled in two or three years in most of the staple-growing areas of Africa if agricultural inputs are increased substantially.

We then envision a diversification from basic staple crops like maize, cassava and finger millet into commercial crops such as citrus (which could grow well in many of the humid and semi-arid regions of Africa), horticulture, legumes, and so forth for export to the Middle East or Europe. Yet commercial export-oriented agriculture would require investment for larger scale cash production. But before we get there, we need to support a Green Revolution in Africa using soil nutrients, water management, irrigation, basic rural electrification, transport and roads, and thus raise tens of millions of subsistence farmers out of sub-subsistence levels of production.

If the hunger and food crisis is alleviated, the urban transition would likely follow, as happened in Asia. Currently, urban Africa is not export-oriented. Indeed, it is receiving a flood of migrants from rural areas, people without skills and incomes, and it is not generating export-based jobs in the urban areas. Examples include cities like Dar-es-Salaam, Dakar, or Accra, or many of the other great coastal cities of Africa, which ought to be spots of growth. In this regard, I think UNCTAD's observations over the years about how to create an internationally competitive FDI-based export sector in the urban areas is very pertinent. We need to make sure that the basic infrastructure in a city like Dar-es-Salaam has sufficiently reliable electricity, waste treatment, public health, port services, and basic roads. For Dar-es-Salaam to resemble the Jakarta or Penang Island of the previous generation, it has to be a fertile base for export-oriented foreign direct investment inflows, whether in manufacturing appliances, automotive components, toys, shoes, apparel and so forth, or in services, such as basic IT services and tourism. To a large extent, this has not happened in the poorest countries. The UN Millennium Project calls for support for investment in basic infrastructure, so that rather than focusing merely on access to rich country markets—which certainly need to be opened up—development partners also focus on expanding the supply side of the potential export sectors of low-income countries. This is vital for developing new internationally competitive industries.

In summary, transitions in the rural sector from subsistence to commercialisation, and in the urban sector from non-traded informality to export-oriented manufactures and services, low-income countries will require a significant increase in investment. Where is the investment funding to come from? For the poorest countries, most of it should come substantially from an increase in Official Development Assistance (ODA) – increasing from the current rate of 0.25% of rich country GNP to the long promised 0.7% of GNP.

Tomorrow, the Africa Commission of Prime Minister Tony Blair will issue its report. The Commission will make the same point as the UN Millennium Project report: development in Africa requires basic investments financed by increased Official Development Assistance. The two reports carry the same message: improve the supply side; increase competitiveness and productivity in low-income settings; invest in human capital, the physical environment, and basic infrastructure. Since the poorest countries cannot afford those investments on their own, they should be given help through increased Official Development Assistance that has long been promised but still has not been delivered.

I would ask UNCTAD to focus on one more issue that is critical and complex. This is the question of how the trade rules, and particularly those that will be negotiated in the Doha Round, might impede the ability of low-income countries to take policy measures needed to make these two transitions. In what ways could the trade rules impede development? Increased trade liberalization will help the poor countries gain access to rich country markets. However, some of the policy strictures of WTO could inadvertently impede the incentive systems necessary to develop infant industry or to develop non-traditional, export-oriented sectors. The low-income countries need export processing zones. They need tax holidays. They need to be able to take the early steps that have proven so effective in other places such as Asia, in order to attract FDI for the non-commodity sectors.

The international system should make sure that the poor countries continue to have the tools that they need to stimulate that kind of non-traditional manufacturing and service sector development. They need to have flexibility with regard to incentive schemes, tax systems, export zones, industrial zones, and so forth, to be able to create the footholds of new non-traditional sectors both in the rural and the urban areas. There is a lot of fear that the WTO is taking away that flexibility of policies. I think it is one of the tasks of UNCTAD, and an issue that UNCTAD has a unique capacity to engage with, to help analyse the various WTO rules – the TRIMs, the TRIPS and others – to make sure that they are not inadvertently taking away vital tools for the poorest countries to secure new export oriented sectors. I hope that UNCTAD can pay particular attention to these issues in coming months.

Let me conclude by saying that the essence of making a breakthrough for the poorest countries is stimulating investment. That of course has a major policy dimension to it, but will also require increased development assistance for the poorest countries. Analysis shows that the poorest countries will not be able to finance infrastructure adequately on their own. Private sector-led project financing will also not accomplish this task. These countries need help. They need increased development assistance, and it must come quickly if we are to achieve the Millennium Development Goals. 2005 has to be a breakthrough year in policy. By the time of the G8 summit in July and the high level summit in September, we must have a commitment from all donor countries, as the UK government has been calling for, for a significant increase in development aid for well-targeted, critical investments.

Thank you very much.

CONFERENCE DES NATIONS UNIES SUR LE COMMERCE ET LE DEVELOPPEMENT

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Commission on Investment, Technology and
Related Financial Issues 9th Session

Item 9: Other Business

Achieving the Millennium Development Goals

Thursday 10 March 2005
Palais des Nations, Geneva, Room XX

Microfinance :
a Business Opportunity for the Private Sector

Mr. Melchior de Muralt
CEO
Blue Orchard Finance

BlueOrchard Finance s.a.
Microfinance Investment Advisers

Microfinance :
a Business Opportunity for the Private Sector

UNCTAD, 10th of March 2005



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Microfinance Investment Advisers

BlueOrchard Finance : a specialized asset manager

• Microfinance : not charity, but provision of financial services to specific unattended segment of entrepreneurs (the working poor of the world);

• Our mission : to promote social and economic development through Microfinance by facilitating access to capital markets

• Our philosophy : there is no contradiction between social impact and commercial investments; Profitability is key to sustainability of impact, flows of funds growth and greater outreach

• Our company : A for-profit asset manager created in 2001, based in Geneva; a 10-person team exclusively focused on Microfinance; about $100 million under management

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Microfinance Investment Advisers

Trends in the MFI debt market

• Different needs for Microfinance institutions at different stages of development; leading MFI growing very fast, asking for longer-term funding and larger amounts

• Incipient direct entry of international commercial banks in the funding and operations of microfinance; new initiatives in international funding, increasingly from / with Microfinance networks

• Growing importance of local funding through savings collection, access to domestic commercial bank loans, local issues of commercial paper and/or creation of new domestic investment vehicles

• Increasing recognition that public subsidized money is not efficient when it comes to supporting the development of already strong financial intermediaries

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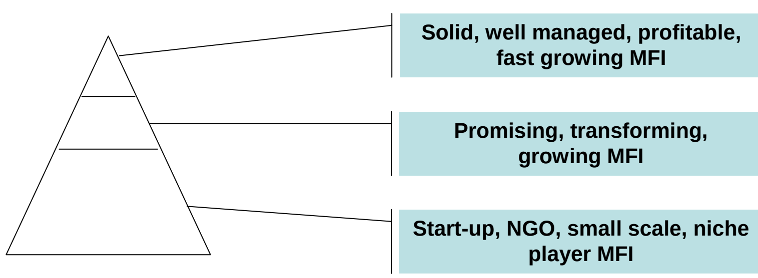
Microfinance Investment Advisers

First trend : different segments of MFI

- Thousands of Microfinance institutions worldwide
- ~ 250 MFI well managed, profitable, fast growing – Tier 1
- Very large needs still uncovered



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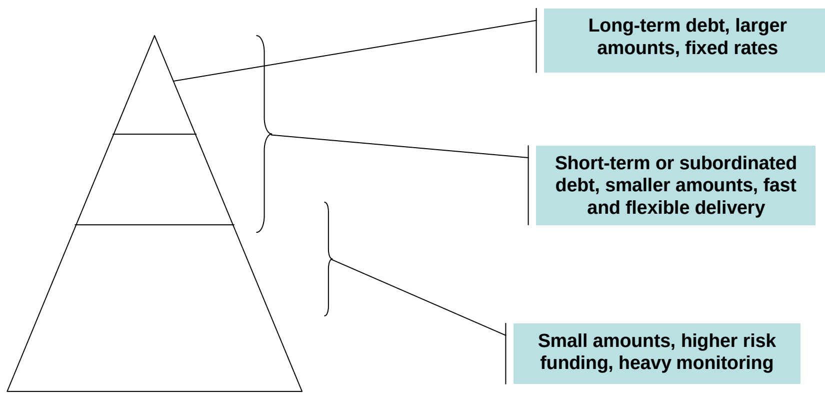
First trend : MFI with different needs



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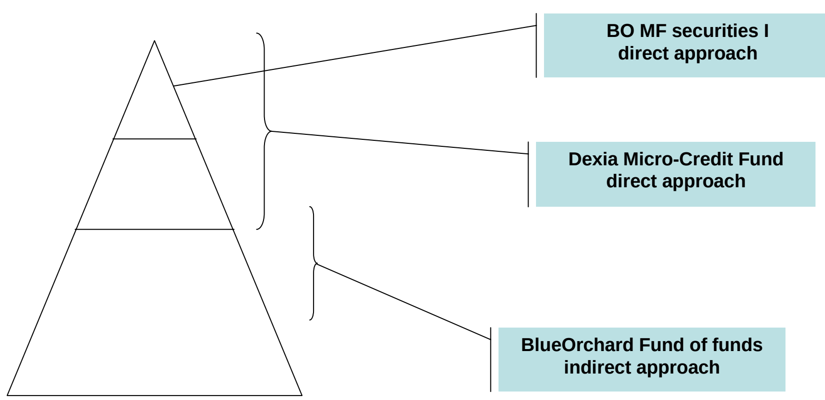
BlueOrchard Finance – **Our adapted product offering**



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BlueOrchard Finance – **Our adapted product offering**

Data as of February 2005

- **Dexia Micro-Credit Fund** (Manager)
  - – Luxembourg SICAV part 2, launched in September 1998 by Dexia-BIL
  - – Targeting leading and transforming MFI with short term debt (max. 3 years);
  - – 6-year track record, over 215 loans made, no default, net USD return 32,9%
  - – Total assets : $ 58 millions, 50 IMF, 20 countries
  - – Fast and flexible delivery of loans

- **BlueOrchard Microfinance Securities I, LLC** (Manager)
  - – Delaware (USA) Special Purpose Vehicle
  - – Targeting the best MFI worldwide with 7-year debt at fixed rate
  - – First securitization of portfolio of international loans to MFI
  - – Total assets (1st closing) : $ 40 millions, 9 IMF, 7 countries
  - – Total new assets expected (2nd closing) : $ 50 millions, 14 MFI, 7 countries
  - – In collaboration with OPIC and JPMorgan securities / Chase

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BlueOrchard Finance – **Our adapted product offering**

Data as of February 2005

- **ResponsAbility Global Microfinance Fund** (Main partner)
  - – Luxembourg registered FCP
  - – Different debt segments
  - – Total assets : $ 10 millions, Debt : 17 IMF, 11 countries
  - – Fund sponsor : Crédit Suisse Bank

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Microfinance debt for the commercial investors

The birth of a new asset class

- attractive to both institutional and individual investors
- unique combination of social and financial returns within same product
- very high and effective social impact
- appealing financial risk – return profile
- limited credit risk
- Some insulation of microfinance sector from macroeconomic shocks
- low correlation with other asset classes in portfolio
- low volatility of financial returns
- attractive fast growing industry

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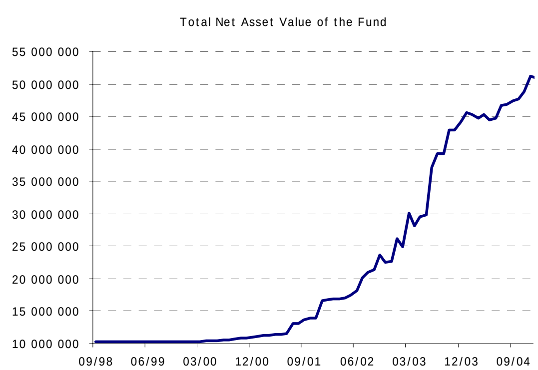
Dexia Micro-Credit Fund : AUM (February 2005)

- Only private investors (individual and institutional)
- Very few historical redemptions (long average holding period)
- Increased interest from large institutional investors (pension funds)



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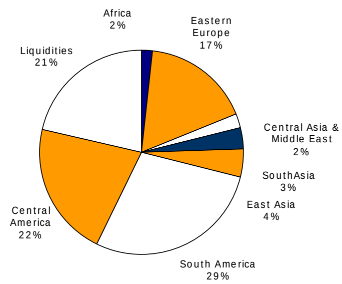
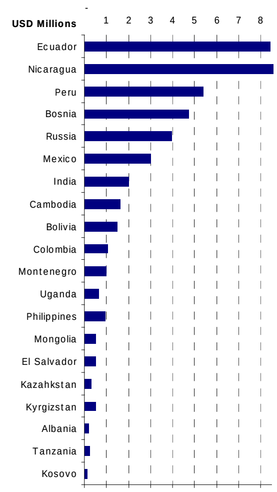
Dexia Micro-Credit Fund : portfolio (February 2005)

Geographic diversification





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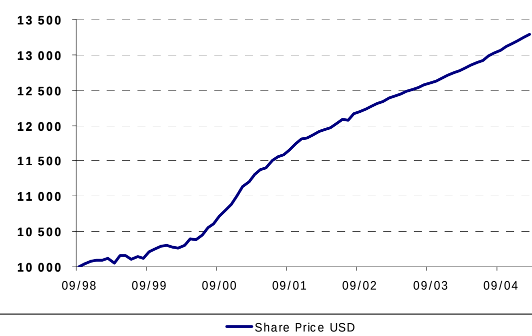
Dexia Micro-Credit Fund : the track record (February 2005)

- Net return of $Libor + 2% delivered each of the past 5 years
- Very low volatility of financial returns
- No correlation with other asset classes
- Good liquidity (monthly) at no cost

USD Asset Class

•**Net Asset Value**	22,833,472.6 USD
•**Share price**	13,293.2 USD
•**Creation date**	09/1998
•**Cumulated return**	32.85%
•**2000 ROI**	7.77%
•**2001 ROI**	6.78%
•**2002 ROI**	4.10%
•**2003 ROI**	3.21%
•**2004 ROI**	3.95%
•**2005 ROI (YTD)**	0.32%
•**Last month**	0.32%



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Some key bottlenecks to faster growth - 1

- **Restrictive regulations / legal issues**
  - – Unclear legal status of MFI (and definition of authorized activities)
  - – Unclear legal references organizing MFI activities
  - – Prohibitive reservation policy because of international fund format
  - – High taxes on interest income earned by investment fund
  - – Highly restrictive interest rate ceilings for MFI and investors
  - – Lack of ownership titles for real estate products
  - – Restrictions to international funding of MFI in foreign currencies
  - – Direct intervention of public agencies in investment activities
    - Distortion of market through heavy subsidies
    - Unfair competition and crowding out of private sector

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Some key bottlenecks to faster growth - 2

- **Other market constraints**
  - – Lack of established and well organized domestic MFI networks
  - – Lack of centralized, aggregate and coherent market data
  - – Lack of credit bureaus
  - – Disparity of rating systems for MFI

- **Foreign exchange risk**
  - – Prohibits major entry in entire regions
  - – Lack of instruments on commercial markets
  - – When hedging opportunities exist, very expensive
  - – We need alliance with major financial player or alternative mechanism

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BlueOrchard Finance – The future : building on the existing

- **Dexia Micro-Credit Fund**
  - Keep growth, expand geographically, maintain quality and diversification
  - Intensify marketing, think about feeder funds developments
- **BlueOrchard Microfinance Securities I, LLC**
  - Replicate the structure and include new MFI in future closings
  - Think about regional or national applications
- **ResponsAbility Global Microfinance Fund**
  - Maintain growth and partnerships
  - Develop original debt segments (e.g. start-ups)

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BlueOrchard Finance – The future : pushing innovations

- **Develop the ability to invest in local investment vehicles**
  - Explore the possibility of creating a fund of local funds
- **Explore the opportunity for a long-term / subordinated debt fund**
  - See how best meet the needs of fast growing MFI
- **Solve the FX hedging issue**
  - Help our partner MFI find FX hedging solutions
- **Find new financial partners**
  - Team up with global commercial banks interested in Microfinance

BlueOrchard Finance s.a.
Microfinance Investment Advisers

Questions :

Melchior de Muralt
Vice-Chairman of the Board of Directors
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Commission on Investment, Technology and Related Financial Issues 9th Session

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Achieving the Millennium Development Goals

Thursday 10 March 2005
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Pharmaceutical Industry Contribution to the Attainment of the Goal 8 of the Millennium Development Goals

Mr. Maciej Gajewski
International Federation of Pharmaceutical Manufacturers Associations

Pharmaceutical Industry Contribution to the Attainment of the Goal 8 of the Millennium Development Goals

Maciej Gajewski
Director, Health Care Systems
IFPMA

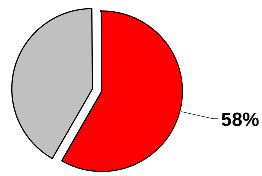
Goal 8 and Pharmaceutical Industry

Develop a Global Partnership for Development:

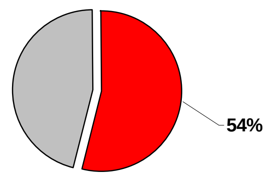
- Address the Special Needs of the Least Developed Countries (Target 13)
- In co-operation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries (Target 17)

What Are the Needs?

- Least Developed Countries (LDCs) dominate the global disease burden



- Most of this burden is due to infectious and other communicable diseases:
  - HIV/AIDS, Lower Respiratory Infections, Diarrhoeal Diseases, Malaria and Tuberculosis account for more than 90%



IFPMA, 10 March 2005

How Are These Needs Addressed?

- Most essential medicines are off-patent and inexpensive; however over 50% of populations in LDCs lack regular access to these products
- **Example**: Around 3.4 million children die annually of three diseases: child diarrhoeas, malaria and childhood diseases. But up to:
  - **88%** of child diarrhoeas
  - **91%** of malaria
  - **100%** of childhood diseases

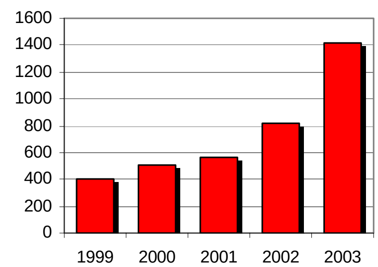
could be prevented with existing, low cost treatments

IFPMA, 10 March 2005

How Does Industry Face This Challenge?

- In last decade, global companies have become critical contributors to numerous programs and initiatives targeting health needs of the poor
- In 2003, the value of donations by major companies matched the USAID Global Budget for Health

According to PQMD, cumulative value of donations by major companies has exceeded $3.7 billion over last 5 years

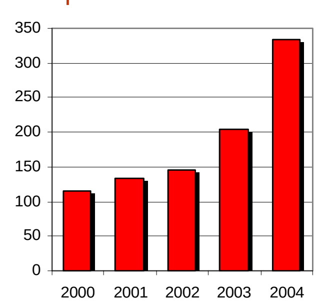


IFPMA, 10 March 2005

Concrete Actions: Access to AIDS Medicines

- Since 2000, 7 companies and 5 UN organisations have worked together within the **Accelerating Access Initiative (AAI)** to increase access to ARVs in developing countries
- Thanks to significant price discounts offered by participating companies and important political committment now more that 50 percent of all ARVs in developing countries are delivered through the AAI

More than 330,000 patients in developing countries received ARVs from AAI by the end of September 2004



IFPMA, 10 March 2005

Concrete Actions: Access to Malaria Medicines

- In 2001, Novartis formed a partnership with WHO to provide ***Coartem*** – the most effective antimalarial combination currently available – at no profit in developing countries.
- Pilot projects in South Africa resulted with outstanding health outcomes:
  - Malaria cases reduced by 86%
  - Hospital admissions for malaria reduced by 82%
  - Malaria deaths decreased by 87%

Concrete Actions: Access to Childhood Vaccines

- In 1999, a unique partnership was established – **the Global Alliance for Vaccines (GAVI)** and Immunization – bringing together major vaccine companies, donors, foundations, multilateral organisations, and NGOs to improve immunisation of children in developing countries

GAVI has provided vaccines to millions of children, saving at least 300,000 lives

Hepatitis B	30M
Influenzae type B	4.3M
Yellow Fever	1.6M

Conrete Actions: Access to Treatments for Neglected Populations

- Companies, working in partnership, also address needs of populations affected by less common but extremely damaging diseases, including:
  - Onchocerciasis ⇒ 40 million doses of Mectizan donated annually in 34 countries
  - Lymphatic Filariasis ⇒ 96 million tablets of albendazole donated in 40 countries
  - Trachoma ⇒ 16 million treatments donated in 11 countries

Concluding Remarks

- Public-private partnerships prove to offer the most effective solution to address complex health problems of poor countries
- Pharmaceutical companies have been instrumental in establishment of many health partnerships by:
  - Bringing critical resources (products, money, people)
  - Contributing invaluable cross-country experience and expertise in health care delivery
  - Introducing a private sector management philosophy that helps achieve needed results

To Learn More

- Consult IFPMA publications
- Visit IFPMA website at: www.ifpma.org

IFPMA, 10 March 2005

CONFERENCE DES NATIONS UNIES SUR LE COMMERCE ET LE DEVELOPPEMENT

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Commission on Investment, Technology and Related Financial Issues 9th Session

Item 9: Other Business

Achieving the Millennium Development Goals

Thursday 10 March 2005
Palais des Nations, Geneva, Room XX

Dr. Jean Marie Leclerc
Director General
Geneva Centre for Information Technology

Commission on Investment, Technology and related Financial Issues

Thursday, 10 March 2005

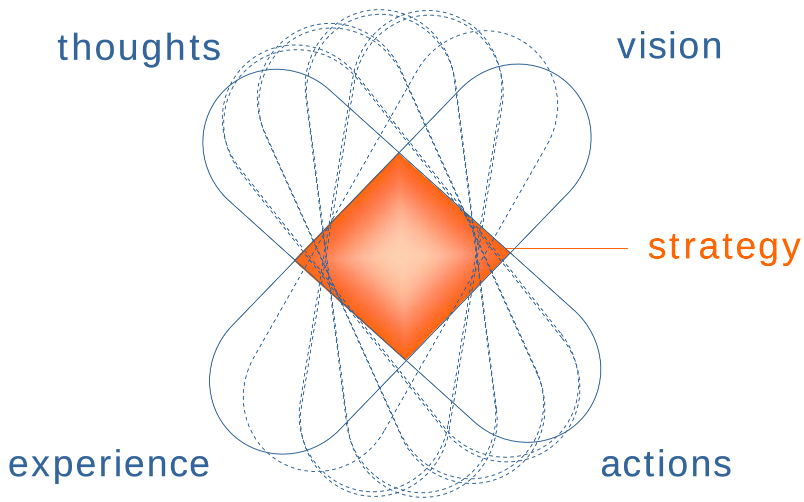
Le référentiel e-Société

Observatoire Technologique
Centre des technologies de l'information
Canton of Geneva – Switzerland
www.geneve.ch/ot
Jean-Marie Leclerc, General director of CTI

I. Introduction

"Information technology is not a magic formula or panacea. But it is a powerful force that can and must be harnessed to our global mission of peace and development. I look forward to working closely with you to make the World Summit, and our wider efforts, a resounding success."

Kofi Annan
United Nations Secretary-General



Key Points to Reach Millennium Goals

→Absolute need to give access to new technologies to developing countries including and specifically to LDCs

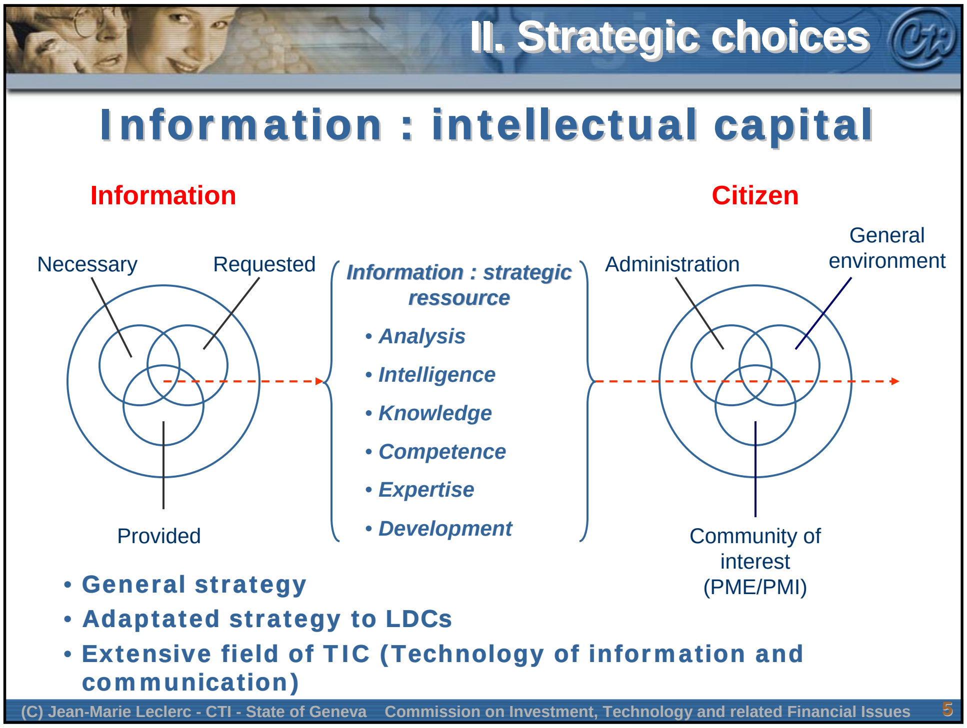
→Having a pragmatic approach

→Being able to achieved projects in six to twelve months

→Setting up competence's centres in order to follow collaboration's policies

→Need of a repository to coordinate projects

Intelligence is not a specificity of riche countries, it can be found everywhere.
With new technologies, it's possible to use it wisely.


II. Strategic choices
Information : intellectual capital
Information
Citizen
Necessary
Requested
Provided
Information : strategic ressource
• Analysis
• Intelligence
• Knowledge
• Competence
• Expertise
• Development
Administration
General environment
Community of interest (PME/PMI)
• General strategy
• Adaptated strategy to LDCs
• Extensive field of TIC (Technology of information and communication)
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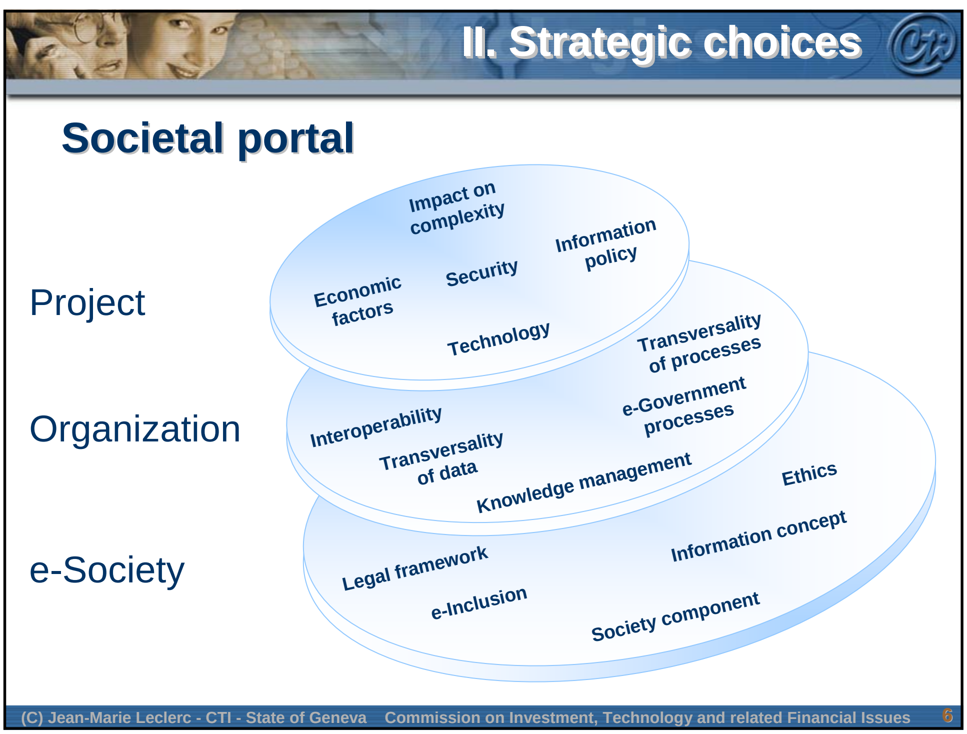
II. Strategic choices
Societal portal
Project
Organization
e-Society
Impact on complexity
Information policy
Economic factors
Security
Technology
Transversality of processes
e-Government processes
Interoperability
Transversality of data
Knowledge management
Ethics
Information concept
Legal framework
e-Inclusion
Society component
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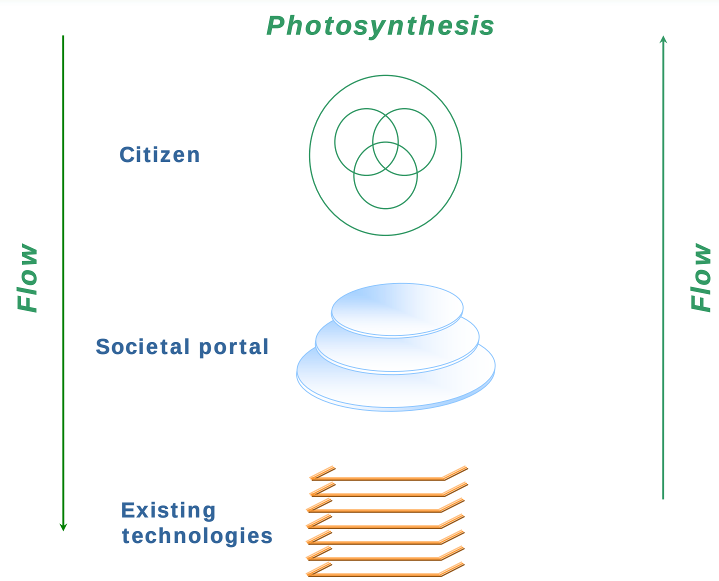
II. Strategic choices

- *History*
- *Infrastructure*
- *Conceptual architecture*
- *Realization*
- *Rules and constraints*
- *Results*
- *Education/Human capital*

II. Strategic choices



III. Suggestions for ollaboration

Technological Observatory : field for interaction

→ Modelization according to various criterias (LDCs)

→ Intership to assimilate experiences

→ Coaching

→ Field for scientific interactions

→ Project …

V. Conclusion

- The e-Society repository helps to implement a global IT strategy centered on the citizen.
- The Technology repository allows to understand and to build a balanced architecture with IT components.
- Value added to the Information Society by taking into account societal factors.
- Open and shareable tools for assistance.
- Test repositories outside Geneva's context.

CONFÉRENCE DES NATIONS UNIES SUR LE COMMERCE ET LE DÉVELOPPEMENT

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Commission on Trade in Good, and Services and Commodities
9th Session, Geneva 14-8 March 2005

SPECIAL HIGH LEVEL PANEL ON TRADE AND MILLENNIEUM DEVELOPMENT GOALS (MDGS)

Opening Statement

Mr. Carlos C. Fortin,
Officer-in-Charge of UNCTAD

Mr. Chairman,
Minister Patel,
Professor Messerlin,
Distinguished Panellists,
Excellencies,
Ladies and Gentlemen:

Maximizing the contribution of trade to development has been the raison d´être and lifelong vocation of UNCTAD. It is therefore natural that we should seek to integrate into our work key trade aspects of the Millennium Development Goals. This has found its most recent expression in the clarion call issued at UNCTAD XI on the imperative of "assuring development gains from the international trading system and trade negotiations".

Today UNCTAD is holding a special event to push forward the effort to achieve the MDGs through trade. The aim is to provide inputs to the MDG+5 process, leading to the General Assembly Summit from 14-16 September. Both the substance -- i.e. the challenge of the MDGs -- and the timing -- i.e., how fast the MDGS can be achieved - will make a difference in the years ahead for the world´s 1.6 billion poor people and, more generally, for the development prospects of the entire developing world.

Despite the continuing debate in the development community on the extent to which trade can contribute to poverty reduction, a consensus has emerged, especially in the context of such world conferences as the Millennium Summit, the Monterrey Financing for Development Conference and UNCTAD XI in São Paulo, that trade can be a dynamically positive force in promoting development and hence poverty reduction, and that development in turn feeds trade success. The question therefore is not whether trade can help realize the MDGs, but how and under what conditions - domestic and international - it can do so.

Our eminent speakers and panellists will address some of these issues. Minister Patel will present the perspective of a trade policy maker from Africa and an LDC practitioner trying to use trade as a means of development and poverty reduction. Professor Messerlin, as one of the authors of the trade chapter of the UN Millennium Project Report, will present the essence of the trade-related proposals in that report. As you are aware, the UN Millennium Project Report, directed by Professor Jeffrey Sachs, is a major input into the forthcoming report of the UN Secretary-General, which in turn will be the basis for the MDG+5 review discussions.

In what follows I will highlight the issue of the potential gains from trade that can contribute to the implementation of the MDGs, and the features of what I will call an "MDG-friendly trading system" and the role UNCTAD can play in promoting such a system.

Potential gains from trade

Empirical evidence suggests that international trade can contribute to the generation of resources and development gains that can assist in the achievement of the MDGs. Developing countries can expect to reap resources and welfare gains from increased and improved participation in international trade and by trying effectively to shape negotiations to serve their positive trade and development agenda. Substantial production, export, income and welfare gains can accrue to developing countries, including LDCs, from genuine trade reform and liberalization in the areas of existing and potential export interest to them.

Given the right conditions - conditions that are sensitive to the trade, financial and development needs of developing countries - UNCTAD estimates that the liberalization of trade in agriculture, non-agricultural products and temporary movement of natural persons supplying services (mode 4 of GATS) and cross-border supply of services (mode 1 of GATS) could generate additional financial flows of up to $300 billion annually, an amount which could ultimately be captured by developing countries. This is of course an outside estimate, unlikely to be realized under most probable conditions. The distribution of the gains among developing countries is also an issue here, as they are more likely to accrue to those developing countries already enjoying a competitively advantageous position. However, all gains from trade would be non-debt-creating, and if realized could significantly ameliorate the financing of development inputs and public goods and bridge foreign exchange gaps.

Additional resources can be generated for developing countries from such areas as environmentally sustainable trade, including BioTrade and the Kyoto Protocol; by removing anti-competitive practices and structures and making global markets more fair and equitable; and through mechanisms to improve commodity production, increase trade and income and address what President Chirac of France has described as a "conspiracy of silence" on commodities. Improving the viability of the commodity sector has to be a major priority in achieving the MDGs.

This potential notwithstanding, various constraints and gaps in the trading system are evident five years after the adoption of the Millennium Declaration. These need to be overcome at the international and national level in order to realize the potential of trade for development and thereby contribute to achieving the MDGs.

Over the past four decades, the participation of developing countries as a group in total world exports of merchandise and services has increased. However, if we look at individual countries, only some South Asian, East Asian and Central American economies have seen significant rises in exports. The LDCs´ share in world exports is still less than 1 percent of world trade, as has been the case since the 1980s. Over the past two decades, world agricultural commodity prices have fallen by some 50 percent. UNCTAD estimates that this might amount to foregone agricultural export earnings of over $60 billion annually for developing countries, especially commodity-dependent ones. The bias of tariff protection continues to be against developing-country exports. In the case of agriculture, tariffs applied by industrial countries against developing-country exports average between 25 percent and 30 percent, as compared to an average 15 percent against other industrialized countries. Losses from anti-competitive practices range from $15-to-$30 billion annually.

These constraints need to be removed and the losses recouped in order to ensure fuller and more beneficial participation of developing countries in international trade.

An MDG-friendly trading system and UNCTAD´s role

For the trading system to be MDG-friendly, it must be responsive to the needs and concerns of developing countries and of the poor, the weak and the vulnerable groups within them. It must be underpinned by a development solidarity - of the sort that emerged spontaneously following the recent tsunami tragedy. A much closer linkage has thus to be developed between the trading system and the implementation of the Millennium goals. Such a linkage could be structured around a number of key areas. I would like to provide some ideas in this regard.

For developing countries, trade must be an instrument to accelerate growth and development and fight poverty. Trade for development should be the focus, and not trade as an end in itself. Trade needs to be mainstreamed into development strategies on the basis of each country´s conditions, needs and capacities. At the same time, mainstreaming development into the trading system is urgently needed, as stressed in the Sachs report. Fundamentally, there is a need to ensure that policies and measures in trade and trade-related areas are considered holistically and in tune with a coherent development strategy. This also requires full coherence and complementarity of recommendations coming out of institutions dealing with trade, financial, monetary and technological policies and issues. This theme of coherence underlines UNCTAD´s work in the period ahead, as mandated by the Saõ Paulo Consensus.

Efforts must also be made to ensure that the trading system is responsive to key human survival issues. These include the eradication of poverty, fighting pandemic diseases like HIV/AIDS and ensuring the provision of basic social services, such as health, education and energy, especially to the poor. It is important that trade negotiations produce new opportunities for developing countries to have enhanced access to public goods. Addressing the gender dimension of trade is equally important, as the effects of trade policies are seldom gender-neutral. Protecting and promoting trade in the biodiversity resources and traditional knowledge of local communities is critical to these communities´ survival. Exploiting the positive benefits of a close nexus between trade, environment and development is another imperative, and a challenging one at that.

Central to this process is the need to create a virtuous circle of genuine market access and trading opportunities in sectors of export interest to developing countries; to help strengthen their supply capacities, including through diversification and value-addition, especially in new and dynamic sectors of international trade, so as to take advantage of trading opportunities; and to improve the competitiveness of farmers, producers and enterprises to engage in international trade.

Regarding market access, positive action in the areas of export interest to developing countries in agriculture; textiles and clothing in the post-ATC environment; market access issues relating to tariff peaks, tariff escalation and non-tariff barriers; and Modes 1, 2 and 4 of services could provide significant impetus to developing countries´ exports, from which the poor would stand to gain substantially. Market access actions must be combined with measures to remove non-tariff barriers and market entry barriers, both governmental and non-governmental, such as the use in a trade-distorting manner of product standards and sanitary and phytosanitary measures, environmental requirements and rules of origin, and the existence of concentrated market structures and anti-competitive practices. This is instrumental if market access liberalization is to have any concrete meaning.

Multilateral trade rules need to allow developing countries the policy space and flexibility needed for them to effectively fulfil their trade potential to accelerate growth and development, create jobs and reduce poverty. A central aspect would focus on devising a new generation of legally binding and operational special and differential treatment in trade agreements, which goes beyond the traditional approach of either transition periods or tariff preferences. A new "Millennium special and differential treatment" needs to be available to developing countries to respond to their specific development needs, including for those countries in the process of accession to the WTO. Such treatment needs to include a strong component on providing adequate adjustment support for trade liberalization to minimize the costs incurred and ensure social, political and economic sustainability of liberalization. It could also include a component on developing productive capacity and competitiveness. In that regard, we are heartened that UNCTAD´s proposal for sustained funding of adjustment on the one hand and supply capacity and competitiveness-building on the other is finding increased support, including in the Sachs report, where he proposes an "Aid for Trade Fund", a point he made very eloquently in his presentation to our Investment Commission last week.

Since tariff preference schemes continue to be relevant, such schemes need to be improved and their utilization enhanced. UNCTAD pioneered the GSP and continues its work in support of the effective utilization of such preferences. But it should be remembered that the competitive edge provided by preferences is being gradually eroded by MFN liberalization and the establishment of regional trade agreements.

Regarding regional trade agreements, which are proliferating in number and coverage of issues, there is a need to ensure development compatibility and coherence between them and the multilateral trading system, so that the former can complement the latter.

Ladies and gentlemen,

The promotion of South-South trade, especially through the GSTP, is important in energizing the latent potential for trade flows among developing countries. South-South trade and investment is already taking place in response to the emergence of new business opportunities and complementarities. The Second South Summit, to be held this June, will serve as a platform for the launching of new initiatives on South-South trade and economic cooperation.

The trading system has long been seized with the special problems of the least developed countries, the majority of which are in Africa. In recent years, there have been significant moves within the multilateral system, including greater market access for their products and services, and increased capacity-building. An important element of the Millennium Declaration is the call for providing LDC exports duty-free and quota-free access, a move pioneered by the EU through its Everything But Arms scheme. All other OECD countries could now follow suit. Simplification and harmonization of the requirements in the various preferential schemes, including rules of origins, would be a plus. Provision of preferential market access to LDCs by those other developing countries in a position to do so could be considered, in the context of bilateral, regional or multilateral arrangements.

In the area of commodities, which is the dominant sector in many developing countries and where poverty is widespread, there is an urgent need to deal with constraints on the supply side and difficult market entry conditions. Actions on commodities include strengthening the viability of the commodity sector through diversification of production; expanding new-generation commodity financing schemes; and increasing the participation of commodity-dependent countries in value chains. A comprehensive and multi-stakeholder approach, including public and private partnerships, will be important in the revival of the world commodity economy.

Finally, as underlined by the São Paulo Consensus, physical infrastructure is crucial to trade competitiveness and development. Without the build-up and upgrading of adequate infrastructure that can usually be provided only through investment from the public resources of developing countries and from donor countries and multilateral financial institutions, trade and development in developing countries, especially LDCs, is impeded, as is the realization of the MDGs.

The role of UNCTAD in achieving the MDGs is to identify opportunities for, and assist in, the beneficial integration of developing countries, particularly the least developed and weakest among them, into the international trading system on terms in keeping with their development levels and conditions. This was basically the mission of UNCTAD at its creation in 1964 and remains valid today, 40 years on. This mission is carried out through the three pillars of our work: intergovernmental deliberations and consensus-building on policies and measures conducive to the beneficial participation of developing countries in international trade in goods, services and commodities; policy analysis and research; and technical assistance and capacity-building programmes. This underscores the integrated approach to trade and development adopted by UNCTAD as the focal point in the United Nations for the integrated treatment of trade and development.

UNCTAD´s mission was reiterated, updated and strengthened by UNCTAD XI last June. In the adoption of the São Paulo Consensus setting out the roadmap for our work in the next four years, UNCTAD Member States laid emphasis on "assuring development gains from the international trading system and trade negotiations". An important orientation will be the focus on policies and measures at the national and international level that have an impact on supply capacities, export competitiveness and market access and entry issues - the interplay of issues that can help developing countries secure development gains.

UNCTAD´s work has emphasized the "qualitative" integration of developing countries, in addition to the quantitative integration. This emphasis is in direct response to the wake-up call in the Millennium Declaration to focus on promoting development and eradicating poverty. It is consistent with achieving the commitment expressed in the Declaration to an "open, equitable, rule-based, predictable and non-discriminatory multilateral trading and financial system". I am appending to this statement a concise statement of five areas in which UNCTAD can contribute to assuring development gains from the international trading system in pursuit of the Millennium Development Goals.

Mr. Chairman,
Minister Patel,
Professor Messerlin,
Distinguished panellists,
Excellencies,
Ladies and Gentlemen:

In conclusion, allow me to refer to the December 2004 statement by Gordon Brown, the UK Chancellor of the Exchequer, to the General Assembly on the MDGs. in that statement, Mr. Brown aptly summed up the critical challenge that will face the international community this year. He said the international community is facing a major danger, in that "the Millennium

Development Goals look today like yet another promissory note, yet another cheque marked ´insufficient funds´". He did, however, add that 2005 is the time to send a signal and to agree a on new policy; a new deal that demands a new level of accountability from both rich and poor countries; and a new compact between those to whom so much is given and those who have so little. The new deal, Chancellor Brown stated, includes fair trade; the ability of developing countries to carefully design and sequence trade reforms; and the provision by developed countries of additional resources needed by developing countries both to build the economic infrastructure and to build capacity to take advantage of trading opportunities.

UNCTAD can contribute positively to addressing all these aspects. In pursuing the challenge of promoting trade for development and drawing on the mandate conferred on it by UNCTAD XI, UNCTAD can do its part in the effort to achieve the MDGs and to create a more equitable world for all.

Thank you.

Honorable Dipak Patel,
Minister of Commerce, Trade and Industry of Zambia

Chairman,
Other Eminent Panelists,
Distinguished Ambassadors,
Officer-in-Charge of UNCTAD, Mr. Carlos Fortin,
Director Puri,
Ladies and Gentlemen,

I am pleased to be here today to share with you some ideas on the topic of "Trade and Millenium Development Goals (MDGs") from the perspective of an African Least Developed Country (LDC). I wish to thank UNCTAD and Director of Trade, Mrs. Puri, for scheduling this particularly event and for inviting me.

I had no hesitation in accepting the invitation in view of the significance of the subject, and the important role of UNCTAD in promoting trade for development, in its support for African countries and for LDCs including my country. 40 years into its existence, UNCTAD continues to be the beacon of light to the weakest and vulnerable countries of the world in seeking a fundamental orientation of the trading system towards one that is conducive to their needs for jobs, wealth, stability and prosperity.

Certainly, we in Zambia are placing our bets with UNCTAD, with the support of our development partners, **in** assisting us to sail the rough waters of trade negotiations, trade liberalization and trade and regulatory policymaking so that we can secure some proportion of trade in our bilateral, sub-regional, regional, international and multilateral trade relations. We are not seeking to conquer an overwhelming share of global trade in goods and services, but some augmentation of our currently **not-**worth mentioning low share so that we can reap some of the gains expected from participating in world trade.

It is an opportune moment to assess and think ahead on the role of trade in promoting development. 5 years into the start of a new millennium, what resources do we have at our behest to address the critical issues facing our populations today? 3 years into the WTO Doha negotiations, what progress has been achieved that we could feel comfortable that the needs and interests of LDCs are being seriously taken into account?

The search for answers must be found at both the national and international level, and in a strategy that brings coherence between such processes. Here, you will no doubt notice that I am underlining the theme song of UNCTAD XI (Eleven) and for the work of the organization in the next four years on enhancing coherence between national development strategies and global economic processes. This is such an important issue that it should not be lost sight of in the rush to conclude trade negotiations, to formulate trade and development strategies, and to improve development solidarity – all these are in their own rights important matters but they need to be interwoven and weaved into a coherence whole, like a puzzle whose different pieces are finally fitted together into a coherent whole and beautiful picture.

I wish to present some ideas and hope to hear your views on them. I will try to address all the questions that have been posed to me. These are:

"How trade can play a role in helping African countries achieve the MDGs and under what conditions?
What are the constraints and what are the opportunities five years after the adoption of the Millennium Declaration towards achieving an open, equitable, rule-based, predictable and non-discriminatory multilateral trading system?
What is UNCTAD's role in promoting the MDGs? As regards this question on UNCTAD's role, I have already addressed it in my opening remarks, noting the importance of the organization and its work.

The foremost point I wish to make is that trade, or trade negotiations and trade liberalization, for that matter, are not an end in themselves. They should be seen as means to assuring development gains and for achieving Millennium Development Goals. I have read with interest the Sao Paulo Consensus, particularly the chapter on "Assuring development gains from the international trading system and trade negotiations". This consensus brings out many of the key issues confronting trade and development today.

In particular, as regards the MDGs, the Sao Paulo Consensus is clear – the integration of developing countries, particular the weaker and vulnerable that are mainly LDCs, must be measurable in terms of their participation in the trading system and in terms of deriving gains from the system. These are gains I believe relate **to** export revenues and improved terms of trade; GDP growth and new investment; improvement of production and diversification including through domestic value addition; job creation; increase incomes and their equitable distribution; poverty reduction; access to essential services like health and education; access to essential goods like cheap and affordable medicines to treat pandemics or increased food security; transfer of technology and skills development, and the necessary wherewithal ability of government to take measures to promote social economic development.

Some may consider this a tall order. However, if not in full measure and in all aspects, then trade, trade negotiations and trade liberalization needs to deliver a **modicum** of development gains.

Without a direct link between trade and development, measures to promote one or the other component can be deleterious to the other. Zambia has, through first-hand experience, learnt that trade and economic liberalization leads, almost immediately, to closure of industrial activities in some sectors and the attendant loss of jobs and incomes; decline in government revenue and, in turn, in its ability to finance development programmes; and increase debt as the Government borrows to meet the shortfall in fiscal revenue; and it goes on. Such evidence is provided for example in the paper on "Trade Reform and Adjustment: The Zambian Experiences, 1980-2003" prepared by two Zambian authors for UNCTAD regarding non-agricultural products. It is available on UNCTAD's website.

This vicious cycle can be stopped if supportive, adjustment measures are put in place to facilitate economic transformation. The crux of the matter is that the ability of African countries, and LDCs like Zambia, to derive gains is predicated on transcending the asymmetries in capacity, economic size, scope and scale of production, capital stock and technological sophistication, infrastructure and global outreach of our producers and enterprises *vis-à-vis* other competitive producers and traders, especially those from developed countries.

The best chance Zambia, other LDCs and African countries have of optimizing gains from trade is when the comparative advantage they already have or are acquiring, is given full opportunity and play in international markets without unfair restrictions and distortions. Apart from strategic natural resources, some of our countries' comparative advantage is in cost-quality competitive labour. Agriculture, textiles and clothing, Mode 4 in services are examples of other areas of comparative advantage where trade negotiations and liberalization should allow the unleashing of potential, leading to realizing resources that can be used to implement the MDGs. The Doha negotiations must deliver on these promises and the challenge for trade negotiators is to craft modalities in the July Package to reflect the development imperatives.

Zambia's interests in trade negotiations, such as in the Doha Round or in the ACP-EU negotiations of Economic Partnership Agreements, or in the COMESA negotiations with its neighbours, hinges critically on its supply capacity and competitiveness in given sectors. If these trade negotiations help Zambia to obtain expanded, predictable and effective market access – addressing both tariff and non-tariff barriers - and thus strike a virtuous circle between supply capacity, competitiveness, and market access, then Zambia has a positive agenda and clear and present stake in the trade negotiations. If not, then Zambia has little stake in the negotiations. In other words, it is not certain that trade in LDCs will make a genuine contribution to achievement of the MDGs without predictable market access; removal of market entry barriers; fuller market access in mode 4; precise, effective and operational S&D treatment, including to allow policy space; improving productive capacity; and other negotiating priorities of LDCs. I look forward towards UNCTAD's work in tracking the gains that accrue to LDCs so that we can really assess if international trade and trade negotiations are development-enhancing.

At the same time, multilateral and other international trade commitments can erode the degree of flexibility and national policy space that countries' need to nurture supply capacity and competitiveness in particular areas, to protect public interest and to serve vital political, social, economic and development objectives. Thus, preserving policy flexibility for LDCs in particular but also other developing countries to undertake needed adjustments to be more competitive in the international trading environment is equally important. That is why Zambia, and many other LDCs and African countries, have consistently called for concrete and operational Special and Differential Treatment (S&D) in multilateral trade agreements. S&D treatment must, once and for all, be accepted as a key principle of the international trading system and not as an exception that has to be done away with at some point in time. Also, the trading system should limit its focus to trade issues and not to considering widening to include non-trade issues. In this regard, the July Package agreement to drop three of the Singapore issues must be applauded.

Deeper capacity building that provides support not only for negotiating and implementing agreements, but also to adjustment to liberalization and build supply capacity and competitiveness is important. The point on supply capacity, competitiveness and diversification is particularly poignant for Zambia as currently one commodity, namely copper, accounts for over 60 percent of its exports, 8 percent of its GDP and a significant proportion of Government revenue. LDCs need to be empowered to have the necessary trade-related infrastructure to make use of rights and opportunities arising in the international trading system. It must be for the international community to define roadmaps for needs, resources required, and support to be provided as part of a need-based, demand driven and coherent trade and development technical assistance strategy. A start is being made in this regard through the agreement on the modalities for Trade Facilitation in the WTO July Package. Then such support must be appropriately channelled using development-friendly institutions like UNCTAD. I had the opportunity to made this point at the High Level Forum on Trade and Investment convened last December by Qatar to deepening South-South trade and investment. There I emphasized that LDCs and African countries' beneficial involvement in trade will arise from an integrated approach to enhancing their capacity to negotiate, to implement trade agreements and take advantage of them, and to compete in the international markets.

The issue of implementation capacity constraints of developing countries and their inability to meet adjustment costs arising from trade agreements can no longer be treated as a minor, short-term side-effect of good medicine. Studies and actual experiences of developing countries have shown that they have serious resource and capacity constraints in implementing agreements and in making use of their rights. Such limitations in capacities can lead countries to renege on their commitments and rollback liberalization measures. Such sea sawing or start and stop liberalization and reform efforts ultimately negate the impact of the reform. The study on Zambia I mentioned earlier makes this point. Thus, reform must be carefully undertaken and calibrated, and supported by adjustment measures to handle the negative effects of liberalization. Multilateral rules should therefore take into account developing countries' capacity for implementation as well as provide for additional international support to take care of adjustment costs. This can only lead to effective and efficient implementation that not only promotes trade liberalization and economic efficiency, but also smoothens adjustment so that Governments can meet the needs of industries and people negatively affected and avoid a worsening of poverty.

In conclusion, let me remind that the UN system is preparing for the review of 5 years of implementation of the Millennium Declaration and MDGs. Goal 8 includes commitment to an open, equitable, predictable and rule-based multilateral trading system. It is incumbent on all members of the UN system to ensure that trade makes a decisive contribution to achieving the MDGs. Trade has the potential to do so:

It needs to be carefully designed at the national level in terms of trade and development strategies;
It needs to be careful nurtured and facilitated at the international level of trade negotiations and agreements; and
National strategies and global processes need to be coordinated into a coherent process that is guided by the vision of promoting development for all and in particular for those countries and peoples that are currently the most marginalized particularly LDCs.

Thank you

H.E. Mr. Carlo Trojan,
Ambassador of European Commission to the
United Nations and the WTO

I welcome the opportunity to participate in this High-Level Panel and contribute to the important discussion on Trade and the Millennium Development Goals.

The EC's Trade Commissioner, Peter Mandelson, recently expressed the ambition that 2005 be a breakthrough year for the world's poor and a decisive year in ensuring that the positive potential of trade for development is realised. He described 2005 as a "once in a generation" chance. This speech to the London School of Economics sets out very clearly the EC approach on trade and development. Commissioner Mandelson has described it as both a mission statement and an action plan. For those of you who have not yet read it, copies of the speech are available at the back of the room.

2005 certainly does provide a vital opportunity to make progress on issues at the trade/development interface. Various reports, including the Sachs Report, which we are discussing today, will help inform the preparatory process and in turn feed into the High Level Event that will take place at the United Nations in September. And on the trade side, we shall have the WTO Ministerial Meeting in Hong Kong in December, which will be a crucial staging post in completion of the Doha Development Round. We have to work to ensure that Hong Kong is a success and provides a sufficient platform for the negotiations to be concluded in 2006.

But this is more than a lucky coincidence of events. One can also sense a gathering of international political will. The shock of the devastation brought by the Tsunami to communities around the Indian Ocean still reverberates round the world. But that natural catastrophe has probably made us more conscious, not less, of the scope for the international community, acting together, to put an end to the daily "Tsunamis" that disfigure life in our world: malaria, HIV/AIDS and the rest.

Frankly, we expect the Five Year Review to show that the world is off track on many of the Millennium Development Goals. This is also a key message presented in the Sachs Report. In particular, the development of Sub-Saharan Africa is lagging behind. This creates a sense of urgency for the international community to ensure implementation of the MDGs is put back on track.

From my seat as EC Ambassador, I can assure you that the European Union - the world's largest donor of development assistance and the largest trading partner for the developing and least-developed countries - is determined to play a strong leadership role in these endeavours and that we remain strongly committed to advancing the implementation of the MDGs.

The Sachs Report is a very useful contribution to the process. The report is a comprehensive and impressive piece of work and all our thanks for it are due to Professor Sachs, Professor Messerlin and all the other members of the team. The Report provides a state of play of relevant academic research and debate, a thorough analysis and a thought-provoking commentary and set of recommendations.

Our focus today is on the inter-linkages between trade and the MDGs. Accordingly, in examining the Report, we should give most attention to the Chapter that focuses most strongly on trade issues. This is Chapter 14 - "A global Break-through on Trade" - and I'd like to thank Mrs Puri and the UNCTAD staff for the useful digest they have provided of the Chapter's contents and recommendations.

In passing, though, I would not want to completely ignore other sections of the Report that also have important things to say on issues that matter for trade and the ability of Developing Countries to take advantage of the opportunities that trade provides. For example, the desirability of integrating the MDGs directly into national poverty reduction strategies and development plans; the potential useful role of regional initiatives; and the importance of governance aspects (by which I also understand sound macro-economic and regulatory policies). I am not going to dwell on these today, but they should not be forgotten.

But I want to focus on the trade dimension and the relationship between trade and development.

Of course, trade is about more than development. And it is mistaken to imply that trade is a magic wand that removes the need for development aid ("trade, not aid"). But we should recognise that it is only recently that trade has ceased being seen as something largely separate from development. Part of the practical impetus for this has come from the expansion of the membership of the WTO to include a much larger number of Developing Countries. Developing Countries and LDCs are also much more assertive and actively involved in the work and negotiations of the WTO than even a decade ago. This is a welcome development, which has come about with considerable help, it must be said, from UNCTAD, as well as campaigning NGOs in civil society.

But one important result - explicit in the DDA - of the evolution in thinking of the trade/development interface over the last decade has been the recognition that for many smaller and poorer countries, the possibility to benefit from the increased opportunities that the DDA will bring depends on their having something more substantial to trade with and the capacity to bring their goods and services to market.

So while trade liberalisation and reform will continue to generate economic growth and rising welfare on a global basis and benefit many Developing Countries directly, individual countries will only be able to take advantage to the full if they have the necessary capacities to participate in trade. Goods and Services that are competitive on world markets; a transport infrastructure and administrative procedures that means they can be delivered quickly and at reasonable cost to customers; human and financial resources to invest and build for the future; appropriate domestic policies and regulatory frameworks to stimulate enterprise and business activity. Trade will not promote development in the poorer and more marginalised countries if there is not parallel investment in the supply side. And in many poor countries, much of that investment can only come from external aid, effectively targeted and used.

History shows that for the very poorest countries, market access cannot in itself be enough to solve all development challenges. Many countries, such as the ACP, have enjoyed preferential access to European markets for decades: yet the ACP share of the EU market has declined. Quota regimes in the EU for sensitive products such as sugar and bananas have been the lifeblood for several vulnerable economies, but the restrictive market regimes that allowed this to come about– by sheltering them from competition - are frankly unsustainable – and we need to find new solutions to lift these countries out of poverty. The same is true on a more global basis for those smaller suppliers of Textiles and Clothing that actually benefited from the quotas in place for many years in Europe and North America. Now that the quotas are gone, the fierce wind of competition among Developing Countries is blowing strongly and the exporters of poorer countries risk being displaced by those of more advanced Developing Countries.

The fundamental point is that without investment in capacity building, the poorest cannot use the preferences they already have or take full advantage of the additional market access possibilities that will come in the future.

That said, trade can however make a huge development contribution, once the capacity to participate in the global trading system is established. In addition, trade generates much needed investment and technology transfer in Developing Countries and stimulates increased productivity in their domestic industries. Countries that have sought to close themselves off from the world economy have not been successful. Think only of North Korea or the former Communist bloc countries in Eastern Europe and contrast their experience with that of China or the countries of South East Asia. State industrial planning and import substitution, even in large Developing Countries such as India and Brazil, simply has not worked in the long term. But what has definitely been a success in India is the gradual opening of their economy to the outside world in the last 15 years. This has raised India's growth rate with the consequence that 300 million people have been lifted out of extreme poverty in a generation. Domestic liberalisation, reinforced by greater openness to the outside world, has put India and other Developing Countries on a sustainable growth path that offers a realistic hope for the future that yet more will be lifted out of extreme poverty.

The problems that Developing Countries face are not the same; and the solutions found to them in the international trading system cannot be the same either. This leads to an inevitable conclusion that may be politically difficult for some to accept, but cannot be avoided. The Sachs Report reaches this same conclusion: Developing Countries cannot all be treated the same. There has to be – in fact, if not in name - differentiation to reflect the fact that some countries are better placed to thrive in the global trading system than others. The weak by definition need more assistance than the strong.

The existing WTO agreements and negotiated mandates for the DDA, including the July Framework of last summer, in fact already implicitly recognise this fact. They already provide a basis for Developing Countries to be treated in a different manner, depending on objective factors and characteristics. For the DDA to achieve its full developmental potential, this approach has to be built on, whether in the negotiations on individual negotiating topics, the self-standing negotiations on Special and Differential Treatment or in the work programme on small and vulnerable economies.

An approach towards SDT that leads to blanket exemptions and carve-outs from obligations or liberalisation commitments would impede not support development. As the Sachs Report points out, there is no compelling case for exempting countries from WTO rules. "Policy space" for bad policies does not promote development and harms other developing countries. Certainly, there needs to be SDT and a carefully designed and sequenced implementation of obligations and commitments. Countries may need to be allowed breathing space on a case by case basis until they are in a position to comply with applicable rules and liberalisation commitments. But this implies differential flexibility, not permanent opt outs. Or, using the words of the Sachs report, "extensive but not eternal flexibility".

Real and effective differentiation also needs to be linked to well designed aid and technical assistance programmes, without isolating individual countries or putting them into a box from which in future they would have no easy escape.

Trade liberalisation brings inevitable pressures to adjust and adapt. This is as true in the developed world as in the developing. In the EU and other developed countries, we are lucky enough to have policy instruments available to cushion and absorb the pain. This is not so much the case in the developing world where Developing Countries have fewer such policy instruments available to them. One of the tasks ahead is to develop the policy tools for adjustment in developing countries. This challenges is already being picked up. The IMF has put in place a Trade Integration Mechanism (TIM) and the World Bank also stands ready to assist Developing Countries deal with adjustment pressures. We have the Integrated Framework, which is a collaborative venture of bilateral donors, agencies, including UNCTAD, and participating LDCs. And the ILO is looking at ways to help developing countries that liberalise cope better with the impact of liberalisation on employment and decent working standards. But this may not be enough.

In this context, various proposals have been made on "aid for trade funds" to assist Developing Countries in the process of adjustment, capacity building and diversification. The Sachs report is no exception in offering some interesting ideas on this. The EU is certainly open to looking at what more may be needed or what needs to be done differently. And we are looking closely at the various ideas that have been suggested.

The EC is firmly committed to working towards a development friendly outcome of the DDA. The DDA, which we should aim to conclude in 2006, as I said earlier, should be a major contributing factor to the MDGs. We agree with the conclusions of the Sachs Report that the DDA will in fact bring more benefits to Developing Countries and have a greater pro-development impact, the more Developing Countries themselves participate in the trade liberalisation and reform that results. This is also the message of recent World Bank research on poverty impacts of the DDA and indeed of recent UNCTAD research on Developing Country interests in the NAMA negotiations as well.

Enhanced market access in the area of agriculture, NAMA and Services, including to support the growth potential of South-South trade, will be essential. Developing Countries are not just exporters of agricultural products. They are also increasingly competitive suppliers of manufactured goods and services. Three quarters of Developing Country goods exports are in fact outside agriculture. And as consumer markets in developed country become saturated, Developing Country exporters need to find new export markets in other developing countries. This process will actually assist Developing Countries in the medium term as producers respond to the competitiveness pressure and consumers benefit from lower prices and access to a greater range of goods and services. Services are also fundamental to development and the achievement of the MDGs as they remove bottlenecks in infrastructure services.

At the recent Mini-Ministerial meeting in Kenya, Commissioner Mandelson made a number of proposals to advance the development goals of the DDA:

- an immediate resumption of substantive negotiations on SDT, with the objective of providing some additional flexibility in WTO rules for the LDCs and other poor countries in justifiable need, and adoption of the package of SDT measures agreed *ad referendum* at Cancún;

- an increase in the level of trade-related assistance, particularly for capacity building and infrastructure, with the G8 Summit and MDG Review as catalysts in this process;

- the granting by all developed countries of duty- and quota-free access for LDCs, so as to deliver on the commitments made at the UN LDC Summit in Brussels in 2001;

- initiatives to make rules of origin systems simpler and more flexible. The EC is committed to doing this in parallel with the introduction of our new GSP Scheme later this year.

Of course, this is all in addition to continuing to pay the greatest attention to the developmental aspects of all the specific issues under negotiation in the DDA, including agriculture, NAMA, services and trade facilitation. Taken together, these proposals are intended to inject further momentum into the negotiations as the WTO works towards a “first approximation” of a package for Hong Kong by the summer.

Turning back again to the Sachs Report. While it is an excellent piece of work, there are inevitably some points on which I would not share exactly the same view or reach the same conclusions. For example, I would be less harsh on the contribution of FTAs and other regional integration initiatives to development. While these are certainly “second-best” in comparison to an equivalent level of ambition in multilateral liberalisation and rule-making, FTAs can constitute a useful building block for development. They allow Developing Countries to benefit from preferential access and build up economic capacity in larger regional markets. I would also not want to overstate the problem of preference erosion or automatically assume that high SPS standards in developed country markets represent an insurmountable barrier to DC exporters. (At the same time, some Developing Countries do have specific concerns over preference erosion and some do have problems in meeting SPS standards. And we take this into account in our TA and capacity building programmes).

I also have no problem that a report like this should set out a long-term vision and propose ambitious targets to achieve it. The Sachs report certainly includes a number of ambitious targets for the outcome of the Doha negotiations.

But nonetheless I would prefer as a trade negotiator to think it better and more productive to pursue a rather more incremental process, whereby we steadily progress through an accumulation of a series of more modest targets.

I also note the view of the authors that the WTO should limit itself to trade and keep its hands off other issues of global economic governance. But in that case, I ask myself whether they have any prescriptions to offer for how gaps in global economic governance should be filled - e.g. in the areas of social or environmental regulation.

Since we are here in UNCTAD, I’d like to conclude by offering a few ideas on areas where UNCTAD would make an important contribution in helping ensure the realisation of the MDGs. These are in fact familiar suggestions to anyone who followed the preparatory work leading up to UNCTAD XI in Sao Paolo last year, as they were among the themes regularly stressed by the EU.

UNCTAD should work to:

- help Developing Countries overcome problems of Commodity Dependency, since many Commodity-Dependent Developing Countries and LDCs are exactly those who are lagging behind in achieving the MDGs. UNCTAD has a lot of expertise on commodities and can contribute with appropriate analysis, work on possible innovative tools and initiatives and support for countries' efforts to diversify;

- assist Developing Countries in mainstreaming trade into their national Poverty Reduction Strategies and other development strategies and assisting LDCs and other weak and vulnerable countries, especially those in Africa, to develop and implement policies to advance their integration into the global trading system. Focus and give priority to those countries who risk becoming more marginalised in the global economy;

- support the efforts of Developing Countries to pursue and benefit from multilateral liberalisation, regional integration and additional possibilities for South-South trade.

In conclusion, the EU recognises that trade policy is a powerful tool and can play a vital role in helping developing countries achieve the MDGs. This is likely to be one of the key messages we put forward in the trade part of our own input to the MDG review process and the High Level Event in September.

Thank you for your attention.

H.E. Mr. Joseph U. Ayalogu,
Ambassador of Nigeria to the United Nations

Mr. Chairman,

I am pleased to see you in the chair of this High-Level Event on Trade and the Millennium Development Goals. I am confident that you will steer the affairs of this meeting in a manner that will allow for a fruitful and rewarding exchange of views.

To begin with, I wish to thank Mr. Fortin, Officer-in-Charge of UNCTAD for his valuable and compelling overview of today's topic which contains very helpful markers to guide our discussion. I would similarly like to express appreciation to Professor Sachs and other members of the Millennium Project and especially in this case, the Task Force on Trade for coming up with a very rich and practical guide on the role that trade can play in achieving the Millennium Development Goals.

Mr. Chairman,

I believe that UNCTAD is the appropriate place in which we ought to deliberate on the nexus between trade and development and accordingly, I would start by stressing as we did in the Sao Paulo Consensus that "Trade is not an end in itself, but a means to growth and development." The importance of this statement is borne out by the fact that this is the very same point from which the Sachs Report also sets out to discuss the need for a global breakthrough in trade in its Chapter 14. It is in my view, a key perspective to bear in mind while discussing the role that trade can play in achieving the Millennium Development Goals.

It is worth emphasizing therefore that trade contributes to development when it helps to alleviate poverty, promote growth, and increase job opportunities. The Sachs Report is therefore right for choosing to place its analysis of the trade challenge facing developing countries on improved market access and productive capacity. Equally important, in my opinion, is the fact that the Report has a very practical bent including the articulation of specific policy recommendations in its body.

These two features of the Report contribute to its strength and are quite helpful. It also means that I need not focus my remarks on the general perspective from which the Millennium Project has chosen to address the issue of trade but rather on specifics areas where we have a convergence of views as well as on some additional points that we might need to further ponder on.

Mr. Chairman,

Goal 8 of the MDGs calls for the development of an open trading and financial system that is rule-based, predictable and non-discriminatory. Achieving this goal of improved global economic governance would require a reversal of the current imbalance in multilateral trade rules, a point very clearly made in the Sachs Report. A true development outcome in the Doha Round will no doubt contribute to the attainment of this goal but it would need to be concluded quite soon if the expected gains from increased trade are to make an impact on poverty alleviation by the target date. Equally pertinent with regard to improving global economic governance is the re-affirmation in the Sachs Report that the WTO should focus on trade issues. The dropping of investment, competition policy and government procurement issues from the on-going Doha Round should therefore be seen as a positive development.

The core of trade is an exchange of goods and services and I am glad that the Sachs Report has reinforced the position of developing countries especially as concerns the negotiations in agriculture, non-agricultural market access and services. Indeed, if the outcome of the Doha Work Programme is to make a substantial contribution to the achievement of the Millennium Development Goals, developed countries would have to take action to reduce domestic support, improve market access and eliminate export subsidies in agriculture on which so many people in developing countries depend upon for their livelihood. It would also be necessary in the same vein to reduce tariff peaks and tariff escalation, which undermine the efforts of developing countries to move up the value chain.

The Sachs Report makes a compelling case on the importance of Mode 4 of the services negotiations for developing countries and there is some merit in the building block approach of bilateral and plurilateral agreements that it has recommended. As experience has shown, however, the lack of multilateral commitments may mean discrimination against some developing countries as well as the introduction of political considerations in the granting of commitments.

I would say that in general the recommendations of the Millennium Project on Trade-Related Aspects of Intellectual Property Rights (TRIPS), contingent protection and standards and Free Trade Areas are useful guides to further action in these areas. The proposal that implementation deadlines in any trade facilitation agreement should be customized along with technical and financial assistance should be taken seriously if the eventual outcome in this area is to be considered a positive contribution to the attainment of the MDGs.

Mr. Chairman,

As is to be expected, there are several aspects of the Millennium Report on which we might still need to continue to ponder on. While I agree with the general thrust of the Report that trade cannot be a substitute for aid, I do have some concern that its knee-jerk reaction is to propose technical assistance or aid for every problem. This applies to trade facilitation, special and differential treatment, problem of net-food importing countries, trade preferences, costs of adjusting to liberalization including to the onset of the Agreement on Textiles and Clothing (ATC).

The importance of increased aid cannot be over-emphasised, as the Commission for Africa concluded in its report which was released last Friday. This does not mean however that any problem confronted in the area of trade can be overcome by resort to aid. The fundamental shortcoming of this approach is that it gives the impression that there are no alternatives to some of the recommended policies, which is wrong since the Report itself states that there can be no one-size-fits-all approach to development. This tendency is particularly manifest in the treatment of trade liberalization, preferences, and Special and Differential Treatment.

The Sachs Report seems surprisingly sanguine about the potential effects of trade liberalization in some of the more vulnerable developing countries. It feels for instance that 2025 is sufficiently far off for developing countries to be able to remove all their tariff barriers. This approach takes no account of present realities in many developing countries and is ahistorical in the sense that it does not factor in the experience of development from other parts of the world. It also contrasts sharply with the position taken in other parts of the chapter about the need for flexibility in implementation timelines.

Perhaps due to its ideological tilt, there is the implicit assumption that the attainment of the MDGs amounts to irreversible development that would allow for total trade liberalization. I would posit however that even if the targets are met what would remain to be done even with regard to poverty eradication would be enormous. The Report is similarly confident that short-term aid is sufficient to overcome the costs of adjusting to liberalization, which is surprising given the evidence on the ground particularly in Africa, about the damage done by structural adjustment programmes such as increased poverty, rising unemployment, deindustrialization and loss of specific assets.

The Sachs Report is also ambivalent about special and differential treatment. On one hand it agrees that such policies make sense and should be made more effective and operational but then goes on to treat it as exemptions to traditional trade policies and patronizingly states that "Additional freedom to use bad policies promises few development gains". It is worth emphasizing therefore that the need to make SDT more effective and operational should be seen from the positive lens of policy flexibility rather than the negative blinds of merely seeking exemptions. In a similar context, I also find it quite intriguing that the Report calls for duty-free and quota free market access for LDCs but feels that there are little benefits to be gained from preferences. But these concessions are themselves the fullest form of preferences!!!

Mr. Chairman,

Before I wrap up, I should point to the inadequate treatment of the issue of commodities in the trade chapter, despite the recognition that commodity exporters have tended to stagnate while manufacturing exporters have grown. This is a pity since a large number of the poorest people in the poorest countries rely on commodities for their existence. The need to bring such issues higher up in the global trade agenda is attested to in the Report of the Commission on Africa and President Chirac's observation of a "conspiracy of silence" on this matter.

I agree with the Sachs Report that a global breakthrough in trade also requires improving supply side competitiveness. It seems to me, however, that the treatment of the topic in the chapter of trade is rather limited in the sense that it focuses mainly on increased investment in infrastructure. This is a *sine qua non* for building productive capacities in developing countries but there are other important elements such as the importance of learning by doing and the development of capabilities which are barely touched upon. This may, of course be related to the fact that these issues have been dealt with elsewhere in the Report, which is primarily devoted to "Investing in Development".

I should like to say in conclusion that the Sachs Report is an important contribution to the global search for development solutions. It makes a lot of useful and practical recommendations for action which should be taken on board by the international community. We should nevertheless continue to ponder on some of the remaining issues of concern which will also determine the contribution of the international trading system to the attainment of the MDGs. UNCTAD has played a well-appreciated role in the analysis of these policy issues and I expect that it will continue to do so in accordance with its mandate as contained in the Sao Paulo Consensus and the Spirit of Sao Paulo.

Thank you for listening.

H.E. Mr. Enrique A. Manalo,
Ambassador of Philippines to the United Nations

Thank you Mr. Chairman.

I wish to thank the keynote speakers, Minister Patel, Professor Messerlin and Mr. Fortin, and those who have spoken before me, for their important contributions this afternoon.

Mr. Chairman,

This is an important year for development. During the course of the year, development in general will be highlighted, leading to what we hope will be an important year for promoting development through the United Nations. The high level segment of the 60^{th} Session of the General Assembly is especially full of possibilities.

Before going any further, I would like to be clear on a key point. While I believe the MDGs are critically important, and have been endorsed at the highest political level, they remain part of a broader development agenda. They in themselves are not shorthand for the development process.

It also seems clear that many developing countries will not be able to achieve fully the Millennium Development Goals on their own. While they have accepted that theirs is the primary responsibility for development, there is also a corresponding need for a nurturing international environment.

Mr. Chairman,

I will now turn to three questions addressed by our distinguished speakers.

What role can trade play in helping developing countries achieve the MDGs and under what conditions?

Mr. Chairman,

We are all aware of trade's contribution to development and its direct and indirect benefits. But we also need to bear in mind that trade liberalization needs to be contextualized in terms of the development realities, needs and other policies of developing countries.

Trade Liberalization for development

I am confident that developing countries hope the Doha Development Round lives up to its name. We are thus a bit anxious over calls for a completely level playing field, regardless of the level of development of a country. We cannot expect identical obligations from unequal partners, but must emphasize equity and fair burden sharing when we look at concessions.

Special and differential treatment for developing countries should therefore be an integral element of multilateral trade negotiations; for SDT is essentially about maintaining and increasing the space, flexibility and policy choices and options of developing countries to adopt and implement trade, economic, and development policies in the context of the MTS, in line with their development needs and priorities.

On Systemic Coherence

The second element that I think we must address in order to enhance the functioning of the multilateral trading system so that it can better contribute to the development process is systemic coherence.

It is encouraging that the issue of coherence in the MTS was addressed in the Sachs Report. However, the report's discussion of coherence in the broader context fell short of expectations, and in some cases missed the mark.

For coherence, in the context of development, entails taking a holistic approach to trade and development, addressing the links among the various development dimensions and emphasizing their complementarities. To fully reap development gains from the multilateral trading system, therefore, the trade element must be addressed in the broader context of related systems, including the international financial architecture.

My region has experienced what happens when two systems are not in synch. The Asian financial crisis showed quite clearly that excessive volatility in the financial sector can, and does, neutralize positive performance in the trade sector.

Five years after the adoption of the Millennium Declaration, what are the constraints and the opportunities towards achieving an open, equitable, rule-based, predictable and non-discriminatory multilateral trading system?

Mr. Chairman,

Five years after the Millennium Summit, it is true that some incremental progress has been made, but the issues remain outstanding, and the way forward is at least as challenging as it was five years ago.

Some observers have a sense that the present era is less development friendly than four or five years ago. At that time, we seemed to be moving closer to bridging the intellectual gaps between north and south. The Millennium Summit and the preparatory processes for Monterrey and Johannesburg may have been difficult, but they gave a sense of movement.

We should therefore aim to make progress not only in the WTO, but also in other aspects that have been neglected since Monterrey, such as reforms in the international financial architecture in order to complement and enhance gains made in the multilateral trading system.

What can UNCTAD do to further the realization of the MDGs?

Mr. Chairman,

The MDGs notwithstanding and though it may sound a bit outdated in some quarters, the UN should remain focused on a broad development agenda, consisting also of the core economic issues such as trade, finance, and global economic management which largely determine and influence the international economic environment. We must therefore not forget to view MDGs in the broadest context of development concerns.

UNCTAD has traditionally been an intellectual center for development. Many ideas that are now at the mainstream of the development debate originated in these halls, and we look forward to this high degree of intellectual activity and debate, as well as and strengthening UNCTAD's intellectual in-house capacity and excellence. UNCTAD has a critical role in providing ideas on development and supporting development related initiatives such as GSTP.

At the same time, UNCTAD can also help developing countries manage the economic and social impact of trade liberalization and globalization through existing initiatives and new mechanisms.

Thank you Mr. Chairman.