



**United Nations Conference
on Trade and Development**

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JUSSCANNZ Position Paper

Introduction

1. UNCTAD XIII is the opportunity to set the priorities of UNCTAD's work within its mandate for the following four years.
2. As recent crises have shown, international trade is affected by a variety of factors. In order to be able to react quickly and to adapt its contributions accordingly, the Doha Accord needs to set out the overall framework for UNCTAD's work while allowing UNCTAD the flexibility to respond to emerging challenges and opportunities. Therefore the Doha Accord has to be a balance between strategic political guidance and measurable concrete actions.
3. The Doha Accord will neither replace nor change UNCTAD's core mandate as set up in 1964. Rather, it should set out the strategic direction where the organization should focus its attention during the upcoming four years in order to concentrate its efforts and resources to make significant progress and reach concrete objectives in the commonly agreed fields of priority.
4. The areas of work within the three pillars of the organization, which are not specifically referred to in the Doha Accord, continue to have the same respective strategic basis as previously decided upon.
5. This first JUSSCANNZ contribution to the Conference themes is not exhaustive but is meant to be understood as a work in progress and is based on the following principles and objectives:
6. Principles:
 - (a) Recognising UNCTAD, as a member state-driven organization, whose member states determine in a consensus-based process the strategic framework and political agenda of UNCTAD's work;
 - (b) Focussing and highlighting the role, function and added value of UNCTAD's mandate as the focal point in the UN on trade investment and development within the international community of specialized agencies, organizations, bodies and processes;
 - (c) Forestalling duplication of efforts among international actors in order to achieve the most efficient employment and use of scarce resources;
 - (d) Enhancing UNCTAD's work by concentrating on its comparative advantages, particularly its expertise and know-how;
 - (e) Strengthening UNCTAD's role in areas where it can make the most impact in supporting developing countries and addressing their trade-related capacity building needs;
 - (f) Intensifying effective partnerships within the international community of specialized agencies, organizations, bodies and processes in order to contribute to greater coherence.
 - (g) Intensifying UNCTAD's contribution to the "delivering as one" reform process within the UN-System.
 - (h) Emphasizing the importance of Results Based Management (RBM) through results-oriented programme delivery, measured against realistic indicators of achievements throughout the organization in order to guarantee the most efficient outcomes, effectiveness and impact of the organization in its work.

7. Objectives:

- (a) Integrate results-oriented monitoring and consequent output-, outcome- and impact-evaluation in its technical cooperation programmes;
- (b) Improve administrative processes and policies for fostering in-house expertise, efficiency and effectiveness;
- (c) Achieve greater levels of operational efficiency through budget reform;
- (d) Reform working methods in order to increase transparency, effectiveness, efficiency, accountability, and value for money;
- (e) Strengthen interaction with beneficiaries to be better informed of their needs and thus better able to design tailor-made interventions;
- (f) Improve the synergy between the three pillars of research and analysis, consensus building and technical assistance;
- (g) Enhance outreach by making further use of electronic tools and cost-effective dissemination of publications;
- (h) Streamline publications by focusing on quality and impact of flagship publications and more targeted use of other documents.

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

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

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

10. **Each country has the primary responsibility for its own economic and social development.** Therefore the role of national policies and development strategies cannot be overemphasized.

11. Developing countries should be in the driving seat of their economic development, taking ownership and leadership, setting objectives and being accountable for the results of assistance programs. However, while the government has a crucial role when it comes to providing an enabling economic environment, experience has shown that government-directed development policy without consideration of market forces leads to inefficiency and diversion of resources.

12. UNCTAD policy focus and contribution:

- (a) Emphasise the interconnectedness of sustainable development which consists of three main interconnected dimensions: economic, social and environmental. Isolating one from the others risks making any progress and achievements unbalanced or even harmful. Therefore any action in one dimension should take into consideration how it affects the other two. UNCTAD's mandate lies primarily in the economic dimension of

achieving sustainable development. Nevertheless, social aspects including human rights, gender equality, labour and social standards, education and health quality as well as environmental aspects including environmental protection and laws, energy consumption and biodiversity, are factors to be mainstreamed throughout its work.

(b) Maintain the importance of investment, trade and trade policy as important tools for attaining national development objectives and crucial elements for achieving the *Millennium Development Goals* (MDGs) - i.e., highlight connections to poverty reduction, gender equality, access to health and education, food security, and the environment.

(c) Monitor and assess the evolution of the international trading system and its trends from a development perspective, with more emphasis on practical, non-trade-distorting solutions.

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

(e) Place specific attention on the special needs of LDCs and other developing countries.

(f) Implement, as appropriate, relevant outcomes from the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus (Doha), the Fourth UN Conference on Least Developed Countries (UN LDC-IV), the Fourth High Level Forum on Aid Effectiveness (Busan) and the G20 Summit (Cannes).

II. Enhancing the enabling economic environment at all levels in support of inclusive and sustainable development

13. Economic growth is key to promote inclusive and sustainable development and to reduce poverty. Economic growth is fostered by a thriving private sector which needs an enabling environment in order to develop its full potential and dynamism. The *Millennium Development Goals* indicators are a comparable measurement to decide whether development is inclusive and sustainable.

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

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

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

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

18. UNCTAD policy focus and contribution:

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

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

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

(d) UNCTAD should consider the linkages of economic, environmental and social considerations in decision-making.

(e) Continuing the analysis and dialogue on trade facilitation, transport and related issues, taking into account geographical constraints that may have negative impacts on trade.

(f) Continuing the work on SME development, including identifying measures to enable SMEs to comply with international standards, to build their technological and innovation capacities and to enhance their participation in global supply chains.

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

19. Encouraging all forms of open and inclusive cooperation, in the recognition of the new reality of the global economy. Emerging economies provide new markets for developing countries as well as new sources of foreign direct investment and development assistance. We encourage productive private investment and trade among developing countries supported by effective aid to strengthen the conditions for growth.

20. Emphasizing the importance to apply the *Paris Principles on Aid Effectiveness* for all donors including emerging economies as well as recipient countries.
21. Recognizing that emerging economies play an increasing role as development partners for developing countries and LDCs.
22. UNCTAD policy focus and contribution:
- (a) UNCTAD can play a valuable facilitating role as a forum for cooperation among developing countries, with an inclusive understanding of the range of partners and their role, added value, expertise and know-how to contribute to development.
 - (b) Strengthening the analysis and research on good practices, cross-country and regional experiences, lessons learnt and implications for policy-making including in the context of WTO-consistent free trade agreements, and how such arrangements can be used to optimize development gains from new trade flows.
 - (c) In cooperation with the WTO and OECD, UNCTAD should gather statistical material on South-South and triangular cooperation in order to understand better the phenomena and trends in this regard.
 - (d) Ensuring harmonisation and coherence with other key trade capacity building organizations, particularly the WTO, OECD, ITC, EIF, UNIDO, ILO, ACWL and UNDP.
 - (e) Addressing the opportunities and challenges of the growing South-South cooperation in particular between emerging economies and developing countries including LDCs by assisting them to mainstream South-South cooperation into their national development strategies and to gear it towards the development of productive capacities.

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

23. Recognizing that corruption is a major inhibitor to development, both as a diversion of resources and a hindrance to growth. Therefore the active enforcement of the provisions of the *United Nations Convention Against Corruption* is key, and for government transactions to be transparent and accountable.
24. Recognizing that emerging economies have become major players as trade partners for developing countries including LDCs and offer them new and growing markets for their products.
25. Considering the growing demand for commodities such as food and primary inputs for infrastructure and industrial production by emerging economies. There is a risk for developing countries, including LDCs, of a reinforcement of their dependence on commodity exports, thereby inhibiting and delaying structural transformation and advancement in the global value chain.
26. UNCTAD policy focus and contribution:
- (a) Stepping up advocacy work on development benefits of a rules-based multilateral trading system and enhancing monitoring within existing resources, in cooperation with the WTO and the OECD, of current and new forms of protectionism, including non-tariff barriers, and their impact on developing countries.

(b) Continuing to work in cooperation with the WTO and the OECD on monitoring of and reporting on persistent and emerging development challenges on trade policies and trade finance from a development perspective.

(c) Key components of an enabling environment are strong intellectual property regimes to enable the flow of technologies, the absorption capacity to make use of such technologies, and the human capital to contribute to productive capacities. UNCTAD recognizes the World Intellectual Property Organization (WIPO)'s lead role within the United Nations family in establishing the best means of facilitating IP-related technology transfer to LDCs as outlined in the WIPO Development Agenda.

(d) To strengthen its development of policy recommendations and best practices in investment policy, UNCTAD should increase its collaboration with key international investment-focused organizations. Such collaboration could include, as appropriate, joint policy analysis, joint participation in key organizational meetings and complementary agenda setting on investment, and organization of the World Investment Forum. Such collaboration would aim to ensure that investment policy discussions within UNCTAD complement and take into account ongoing discussions and efforts in other relevant institutions.

(e) Stepping up support to commodity dependent developing countries through monitoring, analysis, policy reviews and technical assistance within existing resources.

(f) Promoting policies that bolster agricultural productivity in developing countries, including examining the role of trade finance, investment, international market prices and aid.

(g) Respecting the mandates of other UN organizations to undertake work on technology, UNCTAD's work on technology is limited to the investment context. Within this limited role, UNCTAD may appropriately use its policy analysis capacity to identify the elements of investment climates and policy choices that support building productive capacities that facilitate greater dissemination and absorption of technologies, knowledge and know-how within LDCs.

(h) Public and private partnerships can help strengthen the integration of developing countries and local producers into global production systems. UNCTAD should use its research and analysis capabilities to evaluate models of public and private partnerships that help to establish such linkages in developing countries.

(i) Strengthening work on services, with the aim of building services supply capacities in developing countries in order to promote diversification, competitiveness, employment creation and increased trade.

(j) Analyzing the impact of the growing demand by emerging economies for commodities and primary inputs for infrastructure and industrial production on the economic development, the structural transformation and the advancement in the global value chain of developing countries including LDCs.

V. Promoting investment, trade, entrepreneurship and related development policies to foster sustained economic growth for sustainable and inclusive development

27. Advocacy of trade liberalization through the World Trade Organization (WTO) as the best means to deliver developing countries a better deal in world trade, promote sustainable development and eradicate poverty.

28. The importance of developing country participation in the global trading system including through trade-related technical assistance and Aid for Trade.

29. Developing productive capacity and mobilizing resources for development remain persistent challenges. Promoting National policies that create an enabling business environment and sound investments in infrastructure through transport, information and communications technology, and sanitation, combined with human resource development through education, health systems, and nutrition, all build productive capacity in a nation.

30. Investment is becoming an increasingly important factor in international economic policymaking. Foreign investment is the wellspring of new capital, technology, competitive spirit and ideas. Investment drives jobs, innovation and increasingly trade. This trend holds true for developing countries as well as developed economies. Foreign Direct Investment requires a transparent, stable, and predictable domestic investment climate with proper contract enforcement and respect for property rights for national as well as international actors.

31. Developing productive capacity is key. Productive capacity can be expanded by creating incentives to encourage sound investments in physical capital and infrastructure, plant and equipment for firms and farms; through sound investments in human capital in education, training, health and nutrition; and investments and other farsighted measures to conserve and replenish the natural resource base. In looking at productive capacity, the mistakes of early development strategies that focused on heavy industry and capital goods at the expense and neglect of agriculture, human capital, and labor-intensive exports should be avoided.

32. UNCTAD policy focus and contribution:

(a) Undertaking more analytical and research work within existing resources around the role of investment and trade promotion given current gaps and the balance shift towards emerging economies.

(b) In line with supporting private sector-led development, UNCTAD must deepen its consultation with private sector actors to determine the key barriers to domestic and foreign investment, particularly in the least developed countries (LDCs). UNCTAD may do so by measuring countries' performance against benchmarks for private domestic and foreign investment, updating its evaluation and analysis of the factors by which countries are underperforming in terms of attracting private investment and focusing on high-potential sectors in LDCs it has identified as underperforming.

(c) In line with its work on Investment for Development, particularly in investment in infrastructure, UNCTAD should, within existing resources, assist its member states by assessing how best to catalyze impact investment flows by identifying the requirements for investment-ready enterprises, the platforms needed to connect investors to opportunities and best practices for leveraging the assets of foundations, private firms and other impact investors.

(d) Promote competition policy and consumer protection standards in developing countries and support capacity building in the implementation of competition policy and consumer protection standards.

(e) Continue to support trade capacity-building in developing countries, particularly LDCs.
