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**HEARING WITH CIVIL SOCIETY AND THE PRIVATE SECTOR
4 October 2004, Palais des Nations, Geneva**

Summary

1. Pursuant to the São Paulo Consensus, in particular paragraph 117, the Trade and Development Board arranged for a half-day informal hearing with representatives from civil society and the private sector, allowing them to express their views on issues before the Board. The hearing was held on 4 October 2004 and was attended by member States, civil society organizations and private entities.
2. The hearing was chaired by the representative of Zambia in his capacity as Vice-President of the Trade and Development Board. Following opening remarks by the Chairman and the Officer-in-Charge of UNCTAD, participants were given the floor to express their views on the agenda items of the hearing. A summary of the views expressed is presented below.

Trade and development issues

(a) *Trade liberalization*

3. If rapid trade liberalization resulted in rapid development gains, then such liberalization could be fully supported. But experience with liberalization garnered by developing countries had shown that the pace and sequencing of liberalization had to be calibrated and adapted to existing conditions in developing countries. The form and manner of liberalization, juxtaposed against individual country situations, were of paramount importance in determining the final development outcome of liberalization. In the first place, countries needed to build capacity and upgrade their industries, and then they could engage in

international trade. Thus the sequencing of liberalization, together with State intervention in building domestic industries, was particularly important. Otherwise, unprepared local industries, especially small and medium-scale enterprises, would face increasingly cheap imports with no possibility of competing and would most probably abandon production, with negative social and development repercussions. So a proper trade and development policy should envisage gradual trade liberalization. UNCTAD had usefully pioneered such an approach to trade policy and trade liberalization through both research and collection of empirical evidence. UNCTAD should continue its assistance in fostering South-South trade and promoting more solidarity in the South.

(b) *Participation of LDCs and Africa in international trade*

4. The current debate at the global and regional levels on the trade and structural transformation necessary for LDCs to spur their development and reduce poverty levels was overloaded and confusing, and in many instances led to primary problems being taken for granted or subsumed. Three factors could be identified as the root cause of LDCs' failure to integrate substantially into global trade: (a) supply-side constraints, which might limit trade but were not the primary cause of LDCs' failure to increase their competitiveness. Factors like poor infrastructure, lack of functioning markets and institutions, and lack of resources, both human and financial, were important contributing factors. This pointed to the need for overall economic reform initiatives; (b) market access problems; it was thought that these could be sorted out by elimination of barriers and opening of markets in the North, but many LDCs had a very low export response even if markets were opened. Programmes like EBA, AGOA and the GSP had not had significant effects in such countries owing to weak or lack of supply response; (c) WTO negotiations, including the Doha round; these could only be useful if there were tangible supply responses, which did not seem to be the case for LDCs. A similar situation confronted African countries. Constraints on the supply side were jeopardizing the opportunities being offered by market access opportunities. If supply constraints were not properly addressed, it would be difficult to achieve the MDGs, reduce poverty and improve quality of life of households.

5. Several challenges needed to be tackled to integrate LDCs, and Africa, more fully into the international trading system. The questions that had to be asked included: (a) could the focus on the three factors above (supply-side constraints, market access and WTO negotiations) actually promote trade competitiveness based on productive capacity promotion; (b) what kind of trade did LDCs need – fair trade, growth-oriented trade, or poverty reduction trade; (c) would export growth automatically reduce poverty; (d) was there overemphasis on trade responsiveness, as against other complementary policies in areas of weakness, including agriculture, industrial and service sectors and their relationship with FDI, trade reforms and aid; and (e) finally, how could multilateral, regional and national trade initiatives for development be synchronized and other state and non-state actors be involved. Four priority action areas were identified: national trade policy and strategies, mobilizing economy-wide initiatives incorporating national interests; concurrent attention to trade-complementary policies; trade facilitation by the public sector through the creation of an enabling environment for the private sector; and assigning roles and responsibilities to all stakeholders. LDCs should be allowed the policy space to prioritize their needs, and UNCTAD was called upon to assist them.

(c) *Policy space*

6. The São Paulo Consensus, in a groundbreaking development, identified the need for policy space for Governments. This meant that the trade-off between international rules and obligations on the one hand and the policy space available to Governments on the other needed to be evaluated and a proper balance between them eventually achieved.

(d) *Trade and gender*

7. The event on gender and trade at UNCTAD XI had been a success, but concerns were expressed about the lack of active and visible follow-up after São Paulo. A proactive approach was required. The role of UNCTAD as the focal point for the UN-Inter-agency Task Force on Gender and Trade meant that it should mainstream gender internally in its own work and coordinate among the different agencies involved. Activities would have to be strengthened in particular in the light of the forthcoming reviews on the Millennium Summit and the Beijing Conference, in particular as they related to the Millennium Goals and their achievement. Specific areas where gender should be specifically addressed included: (a) gender in relation to the policy space debate, (b) gender impact assessment in respect of trade policies and trade liberalization, (c) data collection, especially disaggregated data reflecting differences between men and women in terms of economic opportunities, (d) analysis and research taking into account the gender dimension, and (e) empowering women as actors and as beneficiaries of trade policies aiming at economic growth. Generally speaking, gender issues and the disparities between men and women had not been dealt with properly, either by international trade policies or by national policies. Often the gender dimension was ignored, sometimes on purpose and sometimes just because people were blind to it. Poverty alleviation could not be properly addressed if the gender dimension was not taken duly into account.

(e) *The WTO July package*

8. The São Paulo Consensus had helped make possible the July package adopted by WTO Members on 1 August 2004. Two major positive signs had emerged from the July package. First, three out of the four Singapore issues had been dropped from the agenda, relieving developing countries of excessive strain on their negotiating capacity and avoiding negotiations in new areas that would have constrained their policy space even further in important areas for development. Second, the commitment to eliminate export subsidies was a welcome development, though the question as to when this would be done remained open.

9. There were also some worrying trends in the July package. As regards NAMA, the proposed formula would cut tariffs aggressively and rapidly, particularly for developing countries, creating a threat for unprepared domestic industries. Second, it was proposed to bind almost all national tariffs at a rate equivalent to two times the current applied rates, which could also lead to dramatic cuts. On agriculture, while the commitment to eliminate export subsidies was welcome, gauging the result with regard to domestic subsidies was difficult, as there still appeared to be sufficient room to simply shift support from one box to another with little impact on the overall level of support. For example, no mention was made of reducing the de minimis level of support used by developed countries. On market access, the proposed formula called for deeper tariff cuts than the Uruguay Round formula. It was highly unfair for developed countries to maintain domestic support while requiring developing countries to open national markets even further. The identification of special products for developing countries was encouraging, but more should be done. Also, the definition of special products for developed countries was not clear. On top of these specific

issues, important cross-cutting issues like special and differential treatment, implementation issues and preferences had not been dealt with adequately in the July package. They should be given top priority, even in relation to negotiations on agriculture and NAMA. UNCTAD had a major role to play in the multilateral trading system, particularly in areas that the WTO was not well equipped to deal with, like commodities, trade and technology, trade and finance, and trade and globalization.

10. Another worry was that the WTO decision-making process had to be made more transparent and inclusive. Even the agreement on the July Package was reached with the involvement of a selected set of a few countries, while the impact of the decisions would be felt in many other countries.

Commodities

11. Commodity issues were stressed as a priority for developing countries, as at UNCTAD XI. The decision taken at UNCTAD XI to create an International Task Force on Commodities (ITFC) was welcome. The Task Force should be provided with all necessary resources to become operational as soon as possible, and should then formulate strong proposals for institutional changes for discussion at the 2005 Millennium Summit+5 review. These proposals should include measures to stop dumping of agricultural commodities by developed countries, mechanisms to control excessive market power of large agribusiness companies, and new schemes to manage global commodity supply. UNCTAD should continue its efforts to break the "conspiracy of silence" on commodity issues, focusing on structural issues and possible longer-term policies and practices that would alleviate the lot of hundreds of millions of small farmers. It was noted that there were large differences between commodity sectors, and that the ITFC would have to work across the board to identify specific solutions to each sector's problems.

Future of UNCTAD

12. If UNCTAD was to have a future, it must establish that it was useful and credible to its own Members. It would also help if external actors could see UNCTAD as relevant. The four main functions that UNCTAD featured in its web site with regard to its "core" work did not entirely reflect reality – UNCTAD did much more than that and did it well. Specifically, in line with the São Paulo Consensus, UNCTAD needed to take actions in the following areas: (1) promoting policy coherence amongst a wider range of bodies, as suggested by the Cardoso Panel; (2) enhancing work on "policy space" to enable developing countries to set their own development priorities; this also meant revisiting and changing the Washington Consensus; (3) dealing with the pressing concerns of the bulk of the world's agricultural and rural producers who depended on basic commodities for their own and their communities' existence; (4) promoting gender equity and balance, including through impact assessments that included social and gender impacts; (5) playing a lead role in promoting and defending an independent contribution to trade and development issues, and working closely with civil society groups; (6) continuing as a forum for developing countries to meet to obtain advice and analysis that helped them negotiate effectively in the WTO; and (7) promoting wider adherence to the OECD guidelines for multilateral enterprises with a view to engendering wider corporate social responsibility and allowing people in developing countries more say in how investment and development occurred in their communities.

13. In dealing with trade issues, more emphasis should be given to income distribution and distribution of gains from world trade, which were key to reaching the MDGs. Special

attention should also be given to promoting "decent" employment in both the formal and the informal sectors, stressing the quality of employment and the rights and obligations of those doing the work and those who employed them.

UNCTAD's contribution to the implementation of and follow-up to the outcomes of major United Nations Conferences and summits in the economic and social fields

14. The Millennium Summit+5 review by the United Nations General Assembly in September 2005 would provide a major occasion for the review of progress towards attainment of the MDGs. Civil society was preparing inputs for the review. Findings from a number of regional preparatory events by civil society could be informative, in particular as regards MDG8. Real and concrete progress depended on accommodating international cooperation and development solidarity, and the prime responsibility for that fell on developed countries. Civil society organizations in developed countries needed to build strong development coalitions to influence Government actions in bringing about changes in the international monetary, financial and trading system towards the objectives delineated in MDG8. There was a need to raise public awareness about the impact of developed countries' policies on the trade and trade potential of developing countries, so as to minimize those that negated development and aggravated poverty. In this regard, the recent decision by the United Kingdom to cancel all the debts of LDCs was a welcome development.

15. In international trade negotiations and agreements, there was a need to ensure conformity with human development and human rights. Also, enhancing the impact of trade in terms of reducing poverty and promoting development required increased emphasis on small-scale farmers and market access and entry for their products, as well as the development of supportive trade infrastructure, particularly transportation facilities and linkages. At the national level, Governments needed to explicitly integrate the MDGs into their national development plans and policies, regularly monitor progress in their implementation, report on progress attained, and take steps as necessary to advance progress. In developing countries, the MDGs must be adapted to each country's domestic situation – there could not be a "one size fits all" approach to infusing the MDGs into the development process. UNCTAD could play a supportive role as a competent and reliable partner in the follow-up to the implementation of the MDGs. Its participation in the high-level meeting of the Economic and Social Council in April each year was welcome. That high-level dialogue should be transformed into a "Development Council" to review the attainment of the MDGs.

16. The NGO community welcomed UNCTAD's active engagement in the World Summit on the Information Society (WSIS), recognizing that the ICT challenge was a critical component of the MDGs; the latter could not be achieved without meaningful cooperation and communication among all sectors of the UN constituency, civil society and the private sector.

17. NGO representatives expressed their willingness to bring to bear their experience, creativity, advocacy, knowledge of grassroots realities and capacity for mobilization in joining forces with UNCTAD to facilitate the implementation of the Millennium Declaration and the MDGs.
