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II. President's summary

Hearing with civil society

1. The global food crisis: addressing a systemic failure in development strategy

1. Participants recognized the food crisis as a humanitarian emergency which threatened to put the Millennium Development Goals further out of reach and agreed that long-term sustainable solutions were needed. The food crisis had been exacerbated recently by increases in the prices of basic commodities and the current global turmoil had given rise to speculation on food commodities. At the same time, the surge in oil prices had led to increases in the costs of commodity production and accelerated the use of alternative energies that relied heavily on commodities. However, some participants saw the food crisis as a reflection of the failure of development approaches, which was best illustrated by the fact that agricultural productivity in much of Africa was lower than 50 years earlier. Participants identified other causes of the crisis such as deep liberalization of markets, lack of access for small farmers to global markets, and distortions due to subsidies in developed countries. The proportion of total ODA directed towards agriculture and the level of investment in productive capacities in developing countries were very low. Moreover, certain policy choices generated a situation in which some developing countries produced what they did not consume and consumed what they did not produce. It was pointed out that climate change, with its structural impact on developing countries, was another cause of the crisis.

2. Resolving the food crisis would require a broad-based partnership and coordinated response. In that connection, the High-level Task Force on the Global Food Security Crisis set up by the Secretary-General of the United Nations had produced a comprehensive set of recommendations in its July 2008 report, "Comprehensive Framework for Action", which should be implemented. Participants called on donors to finance programmes for agricultural development. At the national level, the development of productive capacities in agriculture was considered vital to ensure food security in the long term, in order to avoid dependency on food imports. Priority should be given to endogenous policies and to local production in developing countries' efforts to rebuild their agricultural sector. Public policy should pay greater attention to the development of small-scale production as opposed to agri-businesses. Other suggestions put forward for achieving sustainable development of the agricultural sector included encouraging research and the dissemination of technology and know-how – making use of information and communication technologies, and training courses – increased South–South cooperation and the sharing of experiences. Acknowledging the role of women in the development process, some participants called for them to be given more opportunities to contribute to the reconstruction of the agricultural sector.

3. Several speakers called on UNCTAD, as an institution that supported developing countries in dealing with trade and development, to give policy advice with a focus on building productive capacities and increasing agricultural productivity, including through Aid for Trade programmes. In addition, there should be closer cooperation between UNCTAD and civil society organizations in addressing the food crisis. Participants also called on UNCTAD to encourage the reduction of agricultural subsidies in developed countries in order to ensure fair global competition.

2. The global financial crisis and its impacts on sustainable development

4. Several participants stressed that the current financial crisis was the most dramatic one of the past three decades, and its repercussions on the financial sphere

and the real economy were global as a result of interdependence. Those repercussions had a major impact on efforts to achieve sustainable development, as the function of the financial sphere was to finance investment, and economic slowdown affected incomes and employment. Moreover, in some cases the public purse was paying for losses made by privately owned financial corporations.

5. The main drivers of the crisis were considered to be speculation and inadequate regulations, which were allowed under the principles of the free market economy. Regulations could help reduce the social impact of the financial crisis by guaranteeing ethical and human standards. Some rating agencies had also contributed to the crisis, as when a major financial corporation which was relatively well-rated had gone bankrupt. Many participants proposed a multilateral response to the crisis, which should include the establishment of a global body to regulate financial markets in general and the activities of hedge funds in particular. At the national level, there was a need for Governments to take steps to avoid the risks resulting from the speculative nature of the financial market. Regulatory oversight of that market was necessary to avoid biased interventions in favour of certain companies.

6. UNCTAD had demonstrated its ahead-of-the-curve thinking and objectivity in its predictions in relation to the recent crises. Participants called for the strategies advocated in the *Trade and Development Report*, policy briefs and other UNCTAD publications to be translated into practical solutions and incorporated in international, regional and national policies. Civil society was encouraged to provide feedback on UNCTAD's work and to identify the areas in which UNCTAD should be engaged. It was suggested that UNCTAD should conduct an analysis of rating agencies and assess their role in developments in the financial markets. Several participants called on UNCTAD to support initiatives to introduce financial governance at the global level. Some participants called on UNCTAD to play an active role in convening an international conference to review the international financial and monetary architecture and global economic governance structures. It was suggested that such a conference would allow UNCTAD to assess the impacts of financial crises on developing countries and propose mitigation strategies.
