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II. President's summary (*continued*)

Evolution of the international trading system and of international trade from a development perspective

1. Participants agreed that effective global economic governance and multilaterally concerted actions were urgently needed to address far-reaching, deep-rooted development challenges and the imminent prospect of a global economic downturn, which adversely affected economic welfare and exacerbated poverty. International trade and the trading system should operate in a coherent manner within a broader system of global economic governance. Governments had a prominent role to play in creating enabling environments for trade and development.

2. The global food crisis had affected progress towards eradicating poverty and hunger, as well as promoting health. The crisis was partly caused by disincentives in agricultural sectors and weakened agricultural productive capacities in developing countries, including as a result of trade policy measures and structural adjustments. The enhancement of agricultural productivity through aid for agriculture, the elimination of trade distortion, and diversification in commodity-dependent developing countries were essential. High energy and commodity prices had raised transport and other input costs in the production of goods and services, and changed the terms of trade for countries. The recent worsening of the global financial crisis appeared to indicate that unregulated market forces alone could not be relied upon indefinitely, and effective rules and regulations at all levels were warranted. Global warming posed a long-term human challenge, while possible measures to combat climate change, such as carbon taxes and border tax adjustments, could have adverse effects on developing countries' trade. Increased international migration, with the associated remittance flows, had paved the way for trade, investment and development links between countries, and for the transfer of technology and skills.

3. Participants stressed that, while trade was not a panacea to developmental challenges, it played an important role. The Doha Round of trade negotiations provided unique opportunities to reform and rebalance the existing system in favour of development, thereby making an important contribution to the attainment of Millennium Development Goal 8, on a global partnership for development. A well-functioning, universal, rules-based, open, non-discriminatory and equitable multilateral trading system, as recognized in the Accra Accord, could deliver major benefits for development. While North–South trade remained significant, South–South trade had tremendous potential. The opening-up of trade needed to be appropriately sequenced and regulated to pre-empt de-industrialization, and accompanied by measures aimed at strengthening productive capacities, including in services, particularly through the operationalization of the Aid for Trade and other development initiatives.

4. Participants regretted the failure of the WTO meeting in July 2008 to set the basis for concluding the Doha Round in 2008. That failure was regarded as a setback to the multilateral trading system. Several participants noted that a deal was within reach, as significant progress had been achieved in discussions by a small group of countries on a variety of issues that had remained intractable for years. It was pointed out that failure to take advantage of the progress made would entail opportunity costs, especially for developing countries, in the form of continued trade distortion, tariff barriers and non-tariff trade barriers, renewed protectionism, more bilateral and regional arrangements, and trade disputes. Several participants noted that many developing countries were not part of the process, as they were outside the small group of States involved in the discussions, and stressed the need for inclusiveness and transparency in the negotiations, while others noted that, given

the time constraints, such discussions in a small group were necessary for the efficiency of the negotiations. The immediate cause of the collapse was partly attributed to disagreement over the issue of special safeguard mechanisms. However, many other issues remained unresolved and could have been deal-breakers. Several participants noted that balance in ambition and policy space across different subjects was not adequate, to the detriment of developing countries. Participants felt that progress was insufficient on developmental issues, including on cotton and Mode 4; some pointed to the lack of meaningful market access offers in emerging developing countries.

5. Participants agreed that the setback should not be allowed to derail the entire Doha Round or weaken the multilateral trading system. There was no better alternative than a fairer and more equitable, orderly and well-functioning multilateral trading system that provided a global public good to the benefit of all countries. No bilateral or regional agreements could address agricultural subsidies and anti-dumping rules or conduct tariff reductions as efficiently as the multilateral trading system. Several participants felt it was still possible to reach a deal on agricultural and non-agricultural market access modalities in 2008, while some expressed the view that the development content, rather than an artificial time-frame, mattered more. Many participants called upon those benefiting most from the system to demonstrate strong leadership, political commitment and engagement, while some said that contributions by all parties were required. Many felt it was important to pursue key development deliverables – such as timely provision of comprehensive and unqualified duty-free and quota-free treatment for LDCs with user-friendly rules of origin – in addition to actively promoting the operationalization of Aid for Trade and the Enhanced Integrated Framework.

6. It was recognized that the trading system had to adapt itself better to the structural changes occurring in real economies – including, on the one hand, the greater prominence of developing countries emerging as the “new South” and, on the other, the growing divergence of developing countries, which gave rise to “de facto differentiation” across various groupings such as LDCs, small and vulnerable economies, the so-called “paragraph 8 countries”, preference-dependent countries or recently acceded members of WTO. The importance of continued South–South solidarity in the context of common development denominators was also noted. About half the economic growth until 2013 was expected to come from emerging developing countries, and corresponding adjustments would be warranted in the trading system. Several participants emphasized the importance of achieving universality in the system and promoting countries’ accession to WTO on terms commensurate with their level of development. The trading system also faced the challenge of effectively managing an ever-enlarging diverse and complex trade agenda while many development-related issues remained largely unaddressed.

7. Complexities created by proliferating regional and bilateral agreements were a matter of concern. Improving multilateral oversight and improved transparency was considered important. While the positive contribution of WTO-consistent regional integration for growth and development was noted, concern was expressed that certain bilateral and regional agreements could bypass multilateral negotiations. Accordingly, the multilateral rules governing regional trade agreements might need to be reformed to incorporate effective special and differential treatment provisions. South–South integration and cooperation had come to represent tremendous opportunities, which needed to be sustained and supported. Regional cooperative mechanisms in the areas of technology, productive capacity, infrastructure and trade facilitation also played an important role.

8. Participants stressed that UNCTAD remained an important pillar of global trade and development governance, as well as a consensus-builder that promoted

more effective solidarity and global partnership for development. They also acknowledged the intellectual, moral and operational support the organization had given to developing countries. UNCTAD should help countries build their trade and productive capacities, including through Aid for Trade, to help them advance towards the achievement of the Millennium Development Goals, including poverty reduction. It should also continue its mission of promoting intergovernmental policy dialogue that focused on practical solutions. Finally, UNCTAD should support members in their efforts to sustain multilateralism, including by revitalizing the Doha Round, and facilitate the beneficial participation of developing countries in the international trading system, including through capacity-building programmes.
