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**General statements**  
**Speaker: LDC Watch**

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**STATEMENT BY DR. ARJUN KARKI , INTERNATIONAL CO-ORDINATOR, AT THE  
OPENING PLENARY OF THE FIFTY-NINTH SESSION OF THE UNCTAD TRADE AND  
DEVELOPMENT BOARD (TDB)**

**17 SEPTEMBER 2012, GENEVA**

Excellencies, colleagues, ladies and gentlemen,

I would like to thank the office of the Secretary-General, especially colleagues at the Africa and Least Developed Countries (ALDC) Division as well as of the Civil Society Unit, for this opportunity to speak.

I am speaking on behalf of LDC Watch and the International Working Group on Trade-Finance Linkages- IWGTFL, a grouping that brings together organisations from the South and North to understand the linkages between trade and finance and leverage them in ways that effectively serve development premised on universal human rights, gender equality, social justice and environmental justice.

While recognising that the quadrennial work plan that emerged from the UNCTAD XIII Doha Outcome Document ("Doha OD") has to be upheld in full, we want to call attention to issues and concerns that are particularly urgent to the current juncture.

**An urgent paradigm shift in pursuing development remains our persistent fundamental call, given the increase in more extreme neoliberal policies which will only aggravate the ongoing multiple crises. Such policies have and will continue to ravage the lives and livelihoods of the already vulnerable peoples, especially in the LDCs.**

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We are calling for trade that contributes to development, not trade that destroys and violates the human right to development. This requires less emphasis on the volume of exports and a greater emphasis on qualities such as their diversity and value-addition.

**UNCTAD should continue to provide policy analysis and advice on the fiscal, monetary and other financial policies to ensure developing countries can enhance the contribution made by trade to national capital and its progressive distribution. In the context of the Least Developed Countries (LDCs), in particular, UNCTAD should continue to enhance domestic productive capacity, trade diversification and a better balance between export-led growth and domestic or regional demand-led growth, in order to bolster their resilience to exogenous shocks.**

We welcome the foresight of the Doha OD agreed language giving UNCTAD a mandate to “continue ... research and analysis on the prospects of, and impact on, developing countries in matters of trade and development, in light of the global economic and financial crisis.” Never has it been more important than now to count on UNCTAD’s analysis to establish where measures to address the global economic and financial crisis, especially at the source, have failed, and provide an alternative voice on what is needed to correct them.

**UNCTAD should examine where financial re-regulation efforts are falling short from what is needed to make finance work to support employment and sustainable development, and propose alternatives.**

**UNCTAD should be more active in analysis and consensus-building to reform the international monetary system so the system helps: a) rebalancing and coordination between trade deficit and surplus countries, b) ensuring adjustments are non-recessionary, and c) limiting significant exchange rate volatility. This reform should include an orderly pathway to a central role for a supranational currency and growing support to regional and subregional trading and reserve currencies.**

**UNCTAD should fill the current gap to bring consensus on practical approaches to ensure provisions on trade in financial services at the global, regional and bilateral level do not compromise developing countries’ ability to resort to crisis prevention and resolution policies.**

The excessive volatility of commodity prices is also a priority challenge for developing countries, many of which are commodity exporters, importers, or both. In this regard, we want to stress mandates emerging from the Doha OD (paras. 27 and 31(i)) to “support commodity-dependent developing countries,” which are especially relevant to LDCs. The impact that financial market speculation has on driving this volatility is now well-documented by a large body of research. So are the macroeconomic impacts that commodity price volatility has on developing countries. Responding to these challenges requires fiscal and monetary policies that depart from old and tried textbook approaches not relevant to the reality of markets in developing countries.

**At the international policy level, this should translate in UNCTAD’s advocacy for a) re-regulating commodity derivatives markets in both developed and developing countries –but especially in major financial centers— with the goal of setting limits to the opportunities for financial speculation and b) agreements to ensure stabilisation of commodity prices and determent of price fluctuations. At the national level, UNCTAD should receive increased support for the urgent task of advising developing countries on macroeconomic policies to cope with commodity price volatility.**

We welcome UNCTAD’s Investment Policy Framework for Sustainable Development. We also are encouraged by the decision to do it in the form of a “living document,” with an interactive, open-source platform for the exchange of views, suggestions and experiences. This suggests a recognition of the gaps that exist in this highly contested area and a desire to listen to diverse perspectives and keep learning from them.

Sadly, investment treaty negotiations tend to be very unbalanced, with the most powerful parties foreclosing any meaningful debate on options that host countries or their people find desirable. So we appreciate that the “Framework” places a number of options that typically are not even part of the debate within the spectrum of valid options, countries may wish to include in an investment treaty.

However, some features of the IPFSD are a matter of concern to us, such as finding among its Core Principles adoption of one that calls for Openness to investment. A priori judgments on whether open or close investment policies should be the rule are not coherent with the notion that investment policy decisions should be made on the basis of a national development strategy and looking carefully at the benefits of each type of investment. Indicators for the impact of investment seem to only consider positive results

of investment with no room for consideration of ways in which FDI may affect variables negatively – e.g. whether that same investment destroyed jobs, or crowded out domestic investment.

**UNCTAD should improve the IPFSD on the basis of a broad consultation with all stakeholders, including civil society and academia. The advice it provides to countries on national or international policy could be informed by private sector views but always offered in the context of open and transparent processes open to all stakeholders in the investment decisions. Giving the private sector a privileged platform blurs lines of accountability and generates the perception that their interests weigh more than those of the host country or their communities and citizens.**

Finally, we find relief that the Trade and Development Board agreed conclusions on the Joint Inspection Unit report reaffirms a commitment to strengthen UNCTAD.

**We call on member States to ensure the full and comprehensive implementation of the Doha work programme. In fulfilling its duty to guarantee such full and comprehensive implementation the Secretariat should enjoy full independence and adequate funding support. Individual member States should not seek, under the guise of oversight or guidance, a selective approach to the implementation of the work programme or a renegotiation of aspects of the programme they do not support.**

In closing, LDC Watch and the IWGTFL would like to reaffirm our commitment to continuing our engagement with you in the interests of the developing countries, in particular, the LDCs. LDC Watch has been campaigning about “NO MDGs without LDCs” and now, we add to our call, “No SDGs without LDCs” given the ongoing discourse about the Sustainable Development Goals (SDGs) in the post-2015 development process. We look forward to UNCTAD’s continued cooperation in facilitating civil society participation and interventions, in our collective efforts towards sustainable development and poverty eradication.

Thank you.