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**Item 7: Evolution of the International Trading System and its
Trends from a Development Perspective**

Speaker: Argentina on behalf of GRULAC

Monday, 22 September 2014

*Not checked against delivery **

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Unofficial translation

Statement by Argentina on behalf of the Group of Latin America and the Caribbean (GRULAC) at the Sixty-first Session of the Trade and Development Board

Item 7 - Evolution of the international trading system and its trends from a development perspective

Monday, 22 September 2014

Madam President, H.E. Ambassador Ana María Menéndez Pérez (Spain);
Mr. Mukhisa Kituyi, Secretary-General of UNCTAD
Mr. Roberto Azevedo, Director General of the WTO
Mr. Guillermo Valles, Director, Division on International Trade in Goods and Services, and Commodities, UNCTAD,
Excellencies, distinguished delegates

1. It is an honor for Argentina to deliver this statement on behalf of the Group of Latin America and the Caribbean (GRULAC), under the Agenda's item that deals with the "Evolution of the international trading system and its trends from a development perspective".
2. We congratulate the Secretariat for the documents that they have prepared, which are the basis for our discussions today, particularly for the special focus on agricultural trade, of great importance for developing countries and LDCs; we also thank the Director General of the WTO, Roberto Azevedo, and the Secretary-General of UNCTAD for his introduction, and Mr. Guillermo Valles for the presentation of the document and the other panelists for their thoughtful presentations and inputs, which have aroused most interest.
3. As it is well mentioned in UNCTAD's document TD/B/61/2, "trade in agriculture may generate impetus for economic growth, enhanced food security and inclusive and sustainable development" and can also serve to "energize efforts to eliminate absolute poverty after 2015". Moreover, a series of data confirming the importance of this sector for the economies of developing countries are mentioned.
4. However, it is worth recalling, and it is also stated in the document, as well as been highlighted by the Director General of WTO, Roberto Azevedo that the international agricultural trade still faces significant trade distortions that currently prevent it to become the engine of development that we all desire. Its average tariff rates are still quite high in relative terms considering the rest of transable goods and, in addition, it is to agricultural products with highest value added (which are higher up in the value chain) that the highest rates are imposed. Moreover, these products face a myriad of non-tariff measures, disguised under SPS, environmental protection, technical barriers to trade and private standards arguments, which inhibit the export potential of developing countries. More than 90% of agricultural products is affected by one or more of these measures, many without any scientific justification.

5. To all this we must add the distorting effects caused by export subsidies and domestic support measures. For example, and as it is stated in the UNCTAD's document, in 2012 a total of US\$486 billion was spent on agricultural subsidies. These agricultural subsidy policies negatively affect the conditions for agricultural production and export trade expansion opportunities of developing countries, severely damaging their ability to achieve development goals.

Madam President,

6. No concrete progress has taken place in the WTO agricultural negotiations, which is of particular concern for GRULAC due to the fact that our competitive advantages continue to be no reflected in agricultural trade. The lack of progress in the Doha Round in practice implies maintaining the status quo and this, in turn, only deepens the stagnation of the development possibilities of our countries, considering that the reform of agricultural trade was conceived in the WTO Agricultural Agreement of 1995 as an ongoing process that should continue with the elimination and substantial reduction of distortions.

7. The lack of continuity of the reform process in agriculture that began in the Uruguay Round becomes nowadays more politically relevant in light of the risk that could represent an increase in the levels of subsidies and protectionism, as a result of the vast drop in international prices for the main agricultural commodities. The international context in agriculture has substantially changed in the last two months. This implies that our action in the WTO Doha Round to soon eliminate all form of export subsidies, as agreed in the Ministerial Declaration of Hong-Kong in 2005, is now more urgent than ever.

8. It is vital to conclude the Doha Round negotiations in accordance with its Mandate, due to the fact that it is only in the multilateral framework where global rules on issues such as agricultural subsidies can be and must be negotiated and agreed upon. As it is mentioned in the UNCTAD's document, none of the numerous regional trade agreements in force or in process can include provisions for the global elimination of such subsidies.

Madam President,

9. We appreciate once more the opportunity that has been given to GRULAC to express its views on the international agricultural trade and its implications for development, since our countries are adversely affected by the measures of trade distorting effect which are quite common in that area, thus limiting the policy space of our governments to implement measures that improve the quality of life of our citizens.

10. We hope to continue working together to overcome the current difficulties; and that agricultural trade could actually succeed in becoming the engine of economic growth that everyone, particularly developing countries, wants to.

Thank you Madam President.