



United Nations Conference on Trade and Development

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Group D Position Paper

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1. UNCTAD has its role and special place in the United Nations system as the focal point for integrated treatment of trade and development, together with related issues in the areas of investment, finance, technology, enterprise development and sustainable development. Since its establishment, UNCTAD has contributed to the understanding of the relationships between trade and development enormously. We believe that UNCTAD within its mandate has contributed and should contribute significantly to the cause of development. To be able to do so, UNCTAD needs to adapt even better to the profound changes that took place in the world economy in the past almost 50 years, which witnessed widely diverging national and regional patterns of development, resulting in an increased differentiation also among developing countries. We are convinced that multilateral bodies addressing international trade and development, including UNCTAD, should also appropriately reflect these changes and should strengthen the focus of its attention on those who are most in need and most vulnerable.

2. Group D attaches great importance to the forthcoming UNCTAD–XIII, as UNCTAD’s highest policymaking body and the forum where member States make assessments of current trade and development issues, and will discuss various policy options and programme of work for the next four years. The position paper is not exhaustive, but a first input from Group D, which will evolve throughout the negotiating process. We expect that the draft outcome document to be tabled by the President before the membership within few weeks will be well crafted, balanced and reflect all elements presented and tabled during the first meeting of the Preparatory Committee, and will serve as a good basis for our negotiations.

3. The main theme of the Conference – “Development-centred globalization: towards inclusive and sustainable growth and development” – is a highly relevant and important topic, and the Conference in 2012 will provide an important opportunity for dialogue on a large number of complex challenges we are facing. Due to UNCTAD’s specific place in the United Nations system, the issues addressed within the sub-themes of UNCTAD–XIII shall remain within UNCTAD’s core mandate as it relates to trade, investment and development.

4. The outcome of the Conference should provide guidance for tackling current and emerging issues and challenges to the benefit of the whole membership. This the future work programme to be adopted in Doha, and should build on the achievements agreed in Accra during UNCTAD–XII. We expect UNCTAD within its mandate to continue to carry out research and analyses, and to providing technical assistance. To implement the outcome of the Doha Conference, UNCTAD should, through effective use of its resources, add value and deliver results for its members, but should strengthen the focus of its attention and activities to those who are most in need and most vulnerable.

5. In order to ensure the coherent treatment of the issues, UNCTAD’s work should not overlap with and should be consistent with other United Nations institutions and other international organizations, such as WTO, OECD, IMF, the World Bank and others. UNCTAD should also cooperate with regional organizations, the private sector and civil society.

6. In the past decades, dynamic changes also took place in the Group D region leading to the transformation of the economies of these countries. The transformation had passed off with divergent pattern, speed and depth. Having monitored these changes in the region, the United Nations General Assembly¹ in its resolution and the Secretary–General of the United Nations in his report² reaffirmed the need for the full integration of the countries with economies in transition into the world economy. While welcoming the progress they had made towards greater stability and growth, the need was recognized to enhance the capacity of these countries to respond to the challenges that have arisen in terms of designing and implementing appropriate national trade and development policies and regulatory frameworks, as well as effectively participating in, and deriving benefit from, international trade and investment flows, including through multilateral and regional trade agreements and negotiations.

7. The United Nations resolution called upon UNCTAD to continue conducting analytical activities and providing policy advice and targeted and substantial technical assistance to the Governments of the countries with economies in transition aimed at strengthening the social, legal and political frameworks for completing market-oriented reforms and supporting national development priorities. Given its mandate as a United Nations focal point for the integrated treatment of trade and development, and based on the Accra Accord, the outcomes reached by the Trade and Development Board at the Mid-term Review, UNCTAD should continue to provide support to countries with economies in transition through its analytical work, policy advice, consensus–building and technical assistance programs in tackling their challenges. Some of the policy challenges to the economies in transition include the following:

(a) The weakening of the global economy since mid-2007 due to the global financial turmoil and the food crisis has started to affect economic performance, especially in the more vulnerable smaller economies in transition. Economic vulnerability is closely linked to limited diversification of domestic production sectors and high dependence on a few export commodities of low value added content. With respect to ensuring their sustained economic growth, a major challenge for those countries is to promote economic diversification and upgrade their production to higher value added activities, thereby reducing their exposure to the volatility of world markets.

(b) Given the current concentration of their output and trade in the primary sector, the challenge faced by some economies in transition is to strengthen their industrial

¹ General Assembly Resolution 61/210 of 6 March 2007: “Integration of the economies in transition into the world economy”.

² Secretary–General Report A/63/256 of 8 August 2008: “Globalization and interdependence: Integration of the economies in transition into the world economy”.

capacity for the processing of their natural resources. At the same time, agricultural development strategies should seek not only improvement in productivity, but also a strengthening of food-processing activities, which is especially relevant for the low-income and lower-middle-income countries of the Group.

(c) Progress regarding further integration of the economies in transition into the world economy through foreign direct investment (FDI) has in many cases supported the upgrading of domestic production capacities. Despite the past positive trends in FDI inflows to these countries, more investment is required, into both industries and the infrastructure of the regions, so as to revitalize their industrial capacity and to diversify their output and export base. To attract more FDI, however, some economies in transition need to continue focusing on systemic and market-enhancing reforms, institutions able to support markets, legal and regulatory systems designed to promote competition, intellectual and property rights, the rule of law, good governance and financial services.

(d) Some countries of Group D have advanced their accession process to the World Trade Organization (WTO), but several economies in transition negotiating their WTO membership still need continued assistance from UNCTAD in their accession process, in particular in evaluating the potential impact of WTO accession, and preparing negotiation strategies, offers on market access and information on agricultural support and all corresponding documentation, as well as training local administrations in the area of trade policy rules. For the current WTO members, especially recently acceded members, further assistance could be provided on post-accession issues, in particular, on such subjects as how to go about referring a dispute to the WTO dispute resolution mechanism and the application of anti-dumping measures.

(e) To improve market access for economies in transition, international organizations need to support export and investment promotion activities in these countries. UNCTAD with its expertise could support countries in elaborating both export and investment promotion strategies.

(f) Trade in services presents enormous opportunity for countries with economies in transition in terms of income generation, exports creation and employment. Services contribute to economic growth and development through the creation of a competitive economy, providing new jobs, enhancing access to essential services and stimulating trade. Services sectors – such as business, telecommunications, financial, construction, environmental and distribution services – provide the backbone of an integrated and effective economy nationally, regionally and globally. UNCTAD analytical work and technical assistance will be particularly relevant.

(g) Development of infrastructure, including revitalization of regional road and rail networks, is crucial for the successful upgrading of industries and for increasing foreign trade of the economies in transition, particularly for landlocked Group D countries. UNCTAD might provide assistance in the implementation of relevant projects and, in addition, could facilitate the reduction of cross-border barriers and the implementation of transport and trade agreements.

8. With a view to the above illustrated challenges of the economies in transition and of the agreed theme and sub-themes of UNCTAD–XIII Conference, we would support that in the next four-year period UNCTAD should focus on those areas where it has built comparative advantage and can provide added value. In this regard, the future activities should focus in the following areas:

(a) **The role of FDI in promoting development:** UNCTAD should continue to deliver policy-oriented research on issues related to the contribution of FDI and other capital flows to inclusive growth and sustainable development; the interaction of FDI and

domestic investments; the role of FDI in different economic sectors; and the link of FDI and regional integration.

(b) **The role of competition policies in the development:** There are a number of studies which demonstrate how competition policy and its implementation can contribute to the accountability of markets and to the building of business friendly environment. In this regard, UNCTAD should strengthen its work and continue to deliver policy-oriented research on issues related to competition policies; enhance the exchange of views on best practices provide; and assist countries in formulation, setting up their competition policies and carrying out follow up studies on the implementation.

(c) **Commodities:** UNCTAD should strengthen its work on the issue of commodity dependence and to support commodity dependent countries in formulating sustainable and inclusive national development strategies. Such strategies should contribute to the sustainable development of commodity sectors, promote movement up the value chain, integration into the global supply chain and support smallholder farmers. UNCTAD should continue analysing transparency and accountability issues surrounding investment in natural resources. UNCTAD is encouraged to promote revenue transparency and responsible natural resource management. UNCTAD should continue its research activities concerning price volatility of commodities, including food products.

(d) **Economic diversification and productive capacities:** Limited diversification of domestic production sectors largely contributes to the vulnerability of the economy of the country. A diversified economy, based on a wide range of sectors, plays a key role in ensuring sustainability and reducing a country's economic volatility. UNCTAD should help countries to develop and open their markets free of restrictions to international trade (exports and imports) and in accordance with their development levels and in line with WTO rules; assist in the implementation of trade facilitation reforms; explore the different options for structural transformation by diversifying their exports; analyse and promote policies to improve productive capacities and stimulate the interaction between FDI and local productive capacities; help to formulate policies how to move towards a green economy and making use of low carbon and resource efficient solutions to promote sustainable consumption and production patterns.

(e) **South-South and triangular cooperation and regional integration:** It is widely recognized that South–South cooperation is a growing and dynamic phenomenon, aiming at bringing new opportunities, sharing experiences and lessons learned in the pursuit of economic and social development. South–South cooperation was included in the final agreement of the Accra Agenda for Action, as well as triangular cooperation as an instrument of South–South cooperation and a way to increase the efficiency of aid. UNCTAD's contribution should continue through technical assistance work in the areas of international trade in goods, services and commodities. Within its activities on promoting South–South cooperation, UNCTAD should put a special focus on exploring the potential of trade and investment between economies in transition and developing countries, including LDC countries, and analyse the opportunities to expand these trade and FDI flows. UNCTAD should also continue research the effects of regional integration on trade (domestic and intra-regional) and investment.

(f) **The role of the private sector in trade and development:** The mobilization of domestic and international resources is crucial for development. The link between enterprise development, competitiveness and job creation is evident. UNCTAD should strengthen its activities in research and technical assistance with regard to stimulating enterprise development and business facilitation. Competitive firms that are able to take advantage of export opportunities and national policies to improve access to finance for small and medium-sized enterprises (SMEs) and private investors are vital for development of economies in transition. UNCTAD's research and political dialogue in this area within

its mandate should support efforts to deliver effective financial services to SMEs, micro-enterprises and individuals as well as help to formulate and enforce competition law.

9. The Conference, as UNCTAD's highest policymaking body and the forum where member States make assessments of current trade and development issues, will discuss various policy options and the programme of work for the next four years. This programme will need to provide guidance for tackling current and emerging issues and challenges to the benefit of its membership.

10. Therefore, it is important to ensure that the Conference will deliver balanced outcomes that take into account the interests of all countries.
