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Second Committee**Summary record of the 26th meeting**

Held at Headquarters, New York, on Wednesday, 5 November 2008, at 3 p.m.

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The meeting was called to order at 3.15 p.m.

Agenda item 48: Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the preparation of the 2008 Review Conference (*continued*) (A/63/179 and A/63/345; A/C.2/63/L.19-23)

1. **The Chairperson** recalled that, at the 25th meeting, Mr. Hoppe (Germany), Vice-Chairperson of the Committee, had proposed an oral amendment to rule 61 of the provisional rules of procedure for the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, contained in annex I of the note by the Secretary-General (A/63/345).

2. She took it that the Committee wished to take note of the note by the Secretary-General on the proposed organization of work of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus contained in document A/63/345.

3. *It was so decided.*

4. **The Chairperson** took it that the Committee wished to take note of the report of the Secretary-General on the latest developments related to the review process on financing for development and the implementation of the Monterrey Consensus contained in document A/63/179.

5. *It was so decided.*

6. **Mr. Hoppe** (Germany), Vice-Chairperson, referring to draft decision A/C.2/63/L.20, said that “as amended” should be added after the phrase “as contained in annex I of the note by the Secretary-General” in order to facilitate the amendment of rule 61 of the provisional rules of procedure for the Doha Review Conference.

Draft decision on arrangements and organization of work of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus (Doha, 29 November-2 December 2008)

7. **The Chairperson** invited the Committee to take action on draft decision A/C.2/63/L.19, as orally revised, which had no programme budget implications.

8. *Draft decision A/C.2/63/L.19 was adopted.*

Draft decision on provisional rules of procedure for the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus (Doha, 29 November-2 December 2008)

9. **The Chairperson** invited the Committee to take action on draft decision A/C.2/63/L.20, which had no programme budget implications.

10. *Draft decision A/C.2/63/L.20, as orally revised, was adopted.*

11. **Ms. Navarro** (Cuba) said that her delegation agreed with the decision to adopt draft decision A/C.2/63/L.20, as orally revised, but wondered whether that meant that the Secretariat would be producing a new set of provisional rules of procedure for the Doha Review Conference, containing the proposed amendment to rule 61, with which her delegation agreed.

12. **Mr. Trepelkov** (Financing for Development Office, Department of Economic and Social Affairs) said that the provisional rules of procedure for the Doha Review Conference would be issued as a separate document to be submitted to the Conference for adoption. The text of those provisional rules of procedure would be amended as proposed by the Vice-Chairperson and the General Assembly would recommend the amended version for adoption by the Conference.

13. **Ms. Cormon-Veyssi re** (France), speaking on behalf of the European Union, said that the European Union was pleased to join the consensus reached on the proposed new wording of rule 61 of the provisional rules of procedure for the Doha Review Conference, on the basis of General Assembly resolution 62/187 which laid down the modalities of preparation for the Conference. The European Union interpreted the reference to the representatives of the international financial and trade organizations, contained in the proposed new wording of rule 61, as specifically including the representatives of the International Monetary Fund, the World Bank and the World Trade Organization (WTO), which had taken an active part in the review sessions on the thematic areas of the Monterrey Consensus, were playing a role in the current negotiation process and would participate fully in the Doha Review Conference along the same lines as had been decided for the International Conference on Financing for Development in Monterrey. The

European Union hoped that those institutions would be able to have high-level representation at the Doha Review Conference.

Draft decision on the provisional agenda for the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus (Doha, 29 November-2 December 2008)

14. **The Chairperson** invited the Committee to take action on draft decision A/C.2/63/L.21, which had no programme budget implications.

15. *Draft decision A/C.2/63/L.21 was adopted.*

Draft decision on accreditation of intergovernmental organizations to the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus (Doha, 29 November-2 December 2008)

16. **The Chairperson** invited the Committee to take action on draft decision A/C.2/63/L.22, which had no programme budget implications.

17. *Draft decision A/C.2/63/L.22 was adopted.*

Draft decision on accreditation of non-governmental organizations to the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus (Doha, 29 November-2 December 2008)

18. **The Chairperson** invited the Committee to take action on draft decision A/C.2/63/L.23, which had no programme budget implications.

19. *Draft decision A/C.2/63/L.23 was adopted.*

Agenda item 47: Macroeconomic policy questions (continued)

(a) International trade and development

(continued) (A/63/15 (Part I), A/63/15 (Part II), A/63/15 (Part III), A/63/15 (Part IV), A/63/168, A/63/324 and A/C.2/63/3)

20. **Mr. Patriota** (Brazil) said that international trade had a crucial role to play as an agent for economic growth and development. Fair trade could also be a significant factor in the advancement of national productive capacities and in the diversification of

industrial bases, thereby making a major contribution to national development strategies.

21. The world had witnessed record growth in international trade over the past seven years, particularly in developing countries, to the point where South-South trade had almost increased to the level of North-North trade. However, in the context of the unfolding global financial crisis, the prospects of a downturn in trade and the expected continuing fall in commodity prices were a cause for concern. Instead of calls for protectionism, especially by the larger economies, the best response to the crisis was to reduce market distortions and to promote regional and global integration, trade opportunities and market access for developing countries.

22. A conclusion to the Doha Round that truly delivered on the development outcome agreed by all WTO members would make a positive contribution in the current difficult economic climate. Agriculture was central to the development dimension and must remain at the heart of the Doha Round. However, the trade-distorting agricultural subsidies of developed countries must be eliminated or substantially reduced. At the same time, substantial market access and market entry in agriculture must be promoted for developing countries, while safeguarding their legitimate livelihoods.

23. While Brazil was determined to reach an agreement on non-agricultural market access, market opening commitments for developing countries were not intended to be fully reciprocal with those of developed countries and should therefore take into account the socio-economic realities of the South. The Doha Development Round must not lead to the deindustrialization of the developing world or aggravate present international imbalances.

24. There was a growing awareness of the need for developing countries to pursue coordinated counter-cyclical policies in response to the financial crisis. Developing countries should therefore be supported and not dissuaded by the relevant multilateral institutions, should they decide to pursue such policies. In addition, there must be an enabling international environment based on a trading system that was truly responsive to the socio-economic realities of developing countries, particularly their legitimate export interests.

25. *Mr. Hoppe (Germany), Vice-Chairperson, took the Chair.*

26. **Ms. Espinosa** (Ecuador) said that current patterns of international trade had exacerbated poverty, particularly in developing countries. In the Doha Round negotiations, the developed countries had demonstrated a lack of political will by defending agricultural subsidies that created insurmountable barriers to the main export products of developing countries. Regulated trade with clear rules, a recognition of asymmetries and a real assessment of each country's capacities and potential were essential for the world's economies.

27. Although the current world financial crisis would have a severe impact on production and trade, especially in developing countries, it also provided an opportunity to reflect on the urgent need to establish new economic rules giving priority to the interests and welfare of all people, in accordance with respect for human rights and environmental protection. Her country was convinced that a new ethical and political covenant could be established, by means of which the economy would become a tool for development, guided by principles of justice, solidarity and complementarity between States, rather than an instrument of domination. The United Nations, and in particular the General Assembly, had a key role to play in advancing the debate and beginning the work required to achieve a profound restructuring of the international financial order and the trading rules.

28. Her country's new political Constitution had established the framework for a new economic system that was characterized by solidarity and promoted a balanced relationship between society, the State and the market. Trade relations between countries should guarantee food and energy sovereignty and be based on the principles of equitable trade, including fair prices, decent salaries and working conditions, gender equity, respect for the environment and the absence of all forms of child exploitation and slavery.

29. The Doha Review Conference was the ideal forum for Heads of State to conclude agreements with a view to establishing a fairer economic system and non-discriminatory international trade rules that would allow the full development of all countries.

30. **Mr. Ntwaagae** (Botswana) said that the relationship between trade and development was more important than ever against a backdrop of declining aid

levels. Imbalances in levels of industrialization and development must, however, be taken into account if trade was to prove beneficial to developing countries. An enabling environment for trade and development, facilitated by conducive policies and mechanisms at the national, regional and international levels was needed, with a particular emphasis on equity in the multilateral trading system.

31. Like many other developing countries, Botswana was hindered from benefiting fully from the opportunities presented by globalization, since a number of constraints — including limited resources, its status as a landlocked country and a narrow, mineral-dominated economic base — restricted its access to existing markets. It had therefore adopted economic diversification initiatives based on further processing of major export products to increase their value added and a drive to create an environment conducive to private investment, including by removing regulatory and administrative barriers to the establishment of businesses.

32. His country continued to call for an immediate resumption and successful and timely conclusion to the Doha Development Round. At the regional level, it had worked alongside other Southern African countries to establish the southern African Development Community Free Trade Area, creating a regional market of almost 250 million people. While strongly supporting United Nations efforts to assist Africa in achieving the Millennium Development Goals (MDGs) by the 2015 target date and recognizing the important work of the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, it stressed that particular attention should be given to the implementation of the Almaty Programme of Action, which could play a crucial role in enabling landlocked countries to attain the Goals, by opening up opportunities for trade, economic growth and development. Lastly, convinced that it stood to benefit greatly from the Aid for Trade Initiative, which was particularly useful in terms of addressing supply-side constraints and other trade-related challenges, it welcomed the efforts of the United Nations Development Programme to assist developing countries in identifying and prioritizing projects that could qualify under that initiative.

33. **Ms. Chovichien** (Thailand) said that the relationship between trade and development was not

necessarily a healthy one: trade had brought socioeconomic wealth to some but poverty persisted for others. The global financial crisis, compounded by the energy and food crises, had compromised the ability of the international community to address such disparities. Moreover, the flaws in the existing international financial architecture and the inefficient administration of monetary policies by developed countries had adversely affected the economies of developing countries to the point where their achievement of the MDGs was in question.

34. As a leading agricultural producer and exporter, Thailand had sought to play a constructive role in the current food crisis by refusing to restrict its food exports to the world market. It also intended to foster tangible cooperation within the Association of Southeast Asian Nations to ensure food security. Such efforts should send a positive signal to other countries to work towards the achievement of the MDGs. In that regard, she urged developed countries to discontinue their trade-distorting agricultural subsidies, which led to shortfalls of agricultural products and would exacerbate the food crisis in the long term.

35. A successful outcome to the Doha Round was essential in order to overcome income inequalities, reduce poverty and promote development as a whole. Those trade negotiations must therefore be concluded as a matter of urgency, resulting in fair and equitable rules. It was also important to address the trade-related development needs and concerns of developing countries, including with respect to the Agreement on Trade-Related Aspects of Intellectual Property Rights and the Agreement on Trade-Related Investment Measures.

36. While the urgent need for regulatory reform of the international financial architecture could not be overemphasized, it was equally important to carry out structural reforms at the national level so as to foster a healthy business environment. Official development assistance (ODA) could provide the financial and technical resources required to pursue those national reforms and was also essential to other efforts, such as the Aid for Trade Initiative. Developed countries must therefore increase their ODA to reach the agreed target of 0.7 per cent of gross national product (GNP).

37. **Mr. Khan** (Pakistan) said that the development emergency triggered by the financial crisis had made a successful conclusion to the Doha Round all the more

urgent. Certain aspects of globalization were weakening the multilateral trading system, marginalizing the poor countries, and undermining the potential of international trade to stimulate economic growth. Agricultural subsidies which distorted markets needed to be eliminated, and non-tariff trade barriers such as sanitary, phytosanitary and anti-dumping constraints should be eased. Labour movement under mode IV of the General Agreement on Trade in Services and differential treatment for developing countries needed to be fast-tracked. Industrial capacity-building, in particular for raw material processing, was needed to help the weaker countries become more competitive. Both positive and negative impacts of trade liberalization needed to be monitored, and a comprehensive review of the Trade-Related Aspects of Intellectual Property Rights regime was necessary to facilitate technology and knowledge transfer. He welcomed the outcome of the twelfth session of the United Nations Conference on Trade and Development (UNCTAD) held in Accra from 20 to 25 April 2008, and hoped that the upcoming Doha Review Conference would demonstrate to WTO that it was of the utmost urgency to display the flexibility and political will necessary to break the Doha Round impasse.

38. **Mr. Clough** (United Nations Industrial Development Organization (UNIDO)) said that, in the key area of manufactured exports, there was not only a North-South disparity, but also a South-South imbalance, with most developing country industrial production and trade being concentrated in a handful of Asian countries. UNIDO had been administering many programmes to build trade capacity. In conjunction with the Norwegian development agency, it had been implementing a three-year project on trade capacity-building for agro-industry in the East African Community and had supported the establishment of a traceability scheme in Egypt to ensure compliance of food products with international standards. With funding from the European Union and Norway and in conjunction with the Government of Bangladesh, its Bangladesh Quality Support Programme supported growth and poverty reduction through quality management and diversification of exports. In addition to contributing to the Aid for Trade Initiative, UNIDO was becoming increasingly involved in the economic partnership agreements between the European Union and six African Caribbean and Pacific (APC) regions. It had held a special segment on "Building Productive Capacities for Trade Competitiveness: Economic

Partnership Agreements” at its last General Conference, as part of its effort to assist APC States in upgrading their economies with a view to achieving the ultimate goal of an EU-APC free trade area. It also continued to work in coordination with other agencies in the United Nations system, in particular with the United Nations Chief Executives Board Interagency Cluster on Trade and Productive Capacity.

39. **Ms. Brennen-Haylock** (Food and Agriculture Organization (FAO) Liaison Office with the United Nations) said that the flexible and open membership of the Interagency Cluster on Trade and Productive Capacity now included 13 entities. Its activities to enhance inter-agency coordination included half a dozen pilot One Country Programmes, and it was preparing future joint initiatives on trade for the United Nations Development Assistance Frameworks. The Cluster also designed and delivered training activities for United Nations Resident Coordinators, ensured complementarities under the Enhanced Integrated Framework for Least Developed Countries, and contributed to strengthening the Aid for Trade Initiative. Its “Resource Guide on Trade Capacity Building”, which was prepared under the supervision of UNIDO and was a result of the collaborative efforts of 21 organizations within the United Nations system and five inter-agency bodies, would serve as a resource for United Nations country teams to help promote an inter-agency approach to trade capacity-building. She believed that the Cluster could be a useful paradigm for future delivering-as-one initiatives.

40. **Mr. Beb-Shaban** (Libyan Arab Jamahiriya) said that tariffs and protectionism were distorting competition in global markets and preventing international trade from fulfilling its potential as an engine of development. Africa’s export capacity was weak and continued to decline, notably in terms of diversification and value-added manufactured products. The erosion of trade preferences and weakness of internal commercial exchanges in Africa needed to be addressed. The financial crisis had made it more urgent than ever to respond to the developing countries’ demand for a fairer trade system. The developed countries needed to display the flexibility and political will necessary to overcome the Doha Round impasse in order to prevent a return to protectionist tendencies and bilateral agreements that reduced the developing States’ negotiating power. He renewed his call for facilitated accession to WTO and

hoped that WTO members would support his country’s application for membership, which had already been accepted for consideration. South-South commercial exchanges and joint investment in human and natural resources also needed to be increased. Access of developing countries to new techniques and technologies should be facilitated, and he stressed the importance of the role of UNCTAD in that regard. His country had taken many steps to improve its economic performance, including providing concessional loans to entrepreneurs, opening a stock market, encouraging foreign investment, and reducing import tariffs.

41. **Mr. Escalona** (Bolivarian Republic of Venezuela) said that development was a central component of the ongoing multilateral trade negotiations and that developed countries must demonstrate the political will needed to translate the development agenda into concrete action. Experience over recent years had shown that trade and trade liberalization alone, especially attempts to impose a global trade liberalization agenda on countries without taking into account their specific situations, would not lead to development. For that reason, the Doha Round of trade negotiations must be transparent and reflect the views of all WTO members.

42. In order to overcome existing inequalities between countries, clear rules must establish fairer terms of trade, particularly through special and differential treatment for developing countries. The current limited concept of such treatment should be changed to allow developing countries to implement the national policies required to adapt to multilateral trade. In the specific case of the negotiations for non-agricultural market access, the proposal to reduce tariffs would have an adverse impact on the production systems of small, developing and vulnerable economies, including in the Bolivarian Republic of Venezuela. Special and differential treatment must therefore be granted to the Venezuelan economy and other economies with similar characteristics.

43. With respect to efforts to combat the global food crisis, his Government had proposed more direct participation of States in the food production chain in order to reduce costs and promote national production. Like other nations, his country had subscribed to food security and sovereignty agreements which encouraged the establishment of joint policies based on technical cooperation, technology transfer, trade and technical advice with a view to combating hunger and poverty.

The food security agreements concluded by the Bolivarian Republic of Venezuela in 2008 also guaranteed timely access to food as a human right.

44. Lastly, in view of the unfolding global financial crisis and inherent inequalities in the international financial architecture, it was more urgent than ever to uphold the development commitments contained in the Doha Ministerial Declaration and, in particular, to implement paragraphs 16 and 50 thereof, which provided for the special needs and interests of developing countries.

45. **Mr. Al-Nasrallah** (Kuwait) said that, since joining WTO in 1995, his country had worked to bring its commercial legislation into line with international standards, encourage foreign investment, and foster a healthy combination of free competition and State oversight. It continued to privatize major areas of its economy and to negotiate free trade agreements, whether bilaterally, multilaterally or through the Gulf Cooperation Council (GCC). It allocated 8.2 per cent of its GNP to development assistance, and called on the developed States to fulfil their assistance pledges and remove restrictions on access to their markets in order to ensure a fair and open trading system under the umbrella of WTO.

Draft resolution on international trade and development

46. **Ms. Greenaway** (Antigua and Barbuda) introducing draft resolution A/C.2/63/L.8 on behalf of the Group of 77 and China, said that the Group had agreed to submit a procedural draft resolution on the understanding that there would be a major focus and strong recommendations on trade in the outcome document of the Doha Review Conference

The meeting rose at 5 p.m.