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**Promotion and protection of human rights:
human rights questions, including alternative
approaches for improving the effective enjoyment
of human rights and fundamental freedoms**

Globalization and its impact on the full enjoyment of all human rights

Report of the Secretary-General**

Summary

The present report, which is submitted in response to General Assembly resolution 63/176 of 18 December 2008, contains a summary of the views on the issue of globalization and its impact on the full enjoyment of all human rights that have been received from the Governments of Oman and the Holy See, and from the Department of Economic and Social Affairs of the United Nations Secretariat, the International Labour Organization, the International Monetary Fund, the United Nations Conference on Trade and Development, the United Nations Development Programme and the World Trade Organization.

* A/64/150.

** The present report was submitted later than the indicated deadline in order to incorporate the most recent available information on the subject.



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I. Introduction

1. In its resolution 63/176 of 18 December 2008, the General Assembly, *inter alia*, took note of the report of the Secretary-General on globalization and its impact on the full enjoyment of all human rights (A/63/259) and requested the Secretary-General to seek further the views of Member States and relevant organizations of the United Nations system and to submit a substantive report on that subject to the Assembly at its sixty-fourth session.

2. On 26 May 2009, pursuant to that request, the Office of the United Nations High Commissioner for Human Rights sent a request for views on the issue. As of 3 August 2009, the Office of the High Commissioner had received responses from the Governments of Oman and the Holy See and from the Department of Economic and Social Affairs of the United Nations Secretariat, the International Labour Organization (ILO), the International Monetary Fund (IMF), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme (UNDP) and the World Trade Organization.

II. Replies received from Governments

Oman

[Original: English]

[28 July 2009]

The Government of Oman made reference to paragraphs 4 and 6 of General Assembly resolution 63/176, which, according to the Sultanate, were related to the World Trade Organization agreements that referred to the responsibilities and rights of Member States: their adherence to transparency within the trading system; and their readiness to liberalize trade and related services and to avoid discrimination in trade relations, as well as to liberalize the agricultural sector. The Sultanate remained committed to the implementation of paragraph 9 of that resolution, which concerned the facilitation of a more active role for developing countries in the world economic system, and their participation in the norm-setting and decision-making that would enhance a more transparent global system. The Government of Oman stated that, as a member of the World Trade Organization, it remained committed to such a perspective.

The Government of Oman stated that globalization was beneficial in respect of promoting exchange and facilitating the achievement of humanity's common interest in progress through the development of science and technology. The Government noted, however, that globalization should be neither a threat to national identity, values and culture nor perceived as a policy oriented only towards market hegemony and profit.

Holy See

[Original: English]
[15 July 2009]

The Government of the Holy See¹ stated that, while globalization was able to produce potentially beneficial effects for the whole of humanity through the growth of the system of economic and financial relations and technological progress, it did involve risks connected with the new dimensions of commercial and financial relations. The current financial crisis had brought about increases in inequalities, both between advanced and developing countries, and within industrialized countries. The Government of the Holy See further stressed that the growing economic wealth made possible by economic and financial globalization and technological progress had been accompanied by an increase in relative poverty.

The Government of the Holy See pointed out that, because of the great disparities between countries regarding access to technical and scientific knowledge and to the most recent products of technology, the process of globalization had increased rather than decreased the inequalities between countries in terms of economic and social development. It also added that the free circulation of capital, in its current form and structure, was not of itself sufficient to close the gap between developing and more advanced countries.

The Government of the Holy See recognized that international trade, if properly oriented, promoted development, and drew attention to the distortions in the international trading system, which, often owing to protectionist policies, discriminated against products from poorer countries and hindered the growth of industrial activity in and the transfer of technology to those countries. The Government of the Holy See emphasized the importance of ethical criteria as forming the basis of international economic relations encompassing, inter alia, equity in trade relationships, and attention to the rights and needs of the poor in policies concerning trade and international cooperation.

The Government of the Holy See stated that adequate solidarity in the era of globalization required the defence of human rights and noted the emergence of an alarming disharmony between a series of new “rights” being promoted in advanced societies and basic human rights. The former were an outgrowth of the new prosperity and new technologies. On the other hand, basic human rights, especially in situations of underdevelopment, such as the right to food and drinkable water, the right to housing and security, and the right to self-determination and independence, remained far from being guaranteed and realized.

The Government of the Holy See stated that special attention needed to be given to local culture and diversity, which were threatened by the current economic and financial process, and added that globalization must respect the diversity of cultures.

The Government of the Holy See noted that solidarity between generations must be forcefully emphasized in the era of globalization. While recognizing that there was a continued pursuit of solidarity within national political communities, the

¹ The contribution of the Government of the Holy See is based on Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church* (Washington, D.C., USCCB Publishing, March 2005).

Holy See opined that solidarity was also relevant for the global political community in the context of ensuring that globalization would not occur at the expense of the neediest and the weakest.

Considering the role of international economic and financial institutions in today's globalized economy, the Government of the Holy See pointed to the necessity of equal representation of the interests of the whole human family in those institutions. The Government of the Holy See further emphasized the need for those institutions, in evaluating the consequences of their decisions, to always give sufficient consideration to peoples and countries that, though their voice had little weight in the international market, were burdened with acute and desperate needs and were therefore more dependent on support for their development. Economic processes should ensure that the dignity of man and his complete development as a person were respected in the context of the common good.

The Government of the Holy See pointed out that one of the fundamental tasks of those actively involved in international economic matters was to achieve for mankind an integral development in solidarity. It was also emphasized that this task required the vision of an economy that, on the international level, guaranteed an equitable distribution of resources.

III. Replies received from United Nations organizations

Department of Economic and Social Affairs of the United Nations Secretariat

[Original: English]
[17 June 2009]

The contribution of the Department of Economic and Social Affairs of the United Nations Secretariat concerned the particular vulnerability of women in the context of globalization, the importance of the right to development, and the new threats posed to development by climate change.

The Department of Economic and Social Affairs stated that continuing discrimination against women, the denial or lack of equal rights and of access to education, training and credit facilities, and the lack of control over land, capital, technology and other areas of production impeded women in respect of fully and equally contributing to, and having equal opportunity to benefit from, development.

The Department of Economic and Social Affairs noted that economic and financial crises imposed a disproportionate burden on women, who were often concentrated in vulnerable sectors of employment, were more likely than men to be unemployed, tended to have lower unemployment and social security benefits, and had unequal access to and control over economic and financial resources. The Department pointed out that poor, migrant and minority women might be disproportionately affected and stated that monetary and fiscal policies implemented in response to recessions, such as cuts in public spending in the areas of health and education, could also have a disproportionate impact on women and girls, by reducing women's and girls' access to basic services, resulting in girls' withdrawal from schools to help with household work, and reinforcing gender gaps in

education. The Department warned that those coping strategies could undermine the long-term development of the society as a whole.

The Department of Economic and Social Affairs recalled the importance of ensuring that policy responses to the financial and economic crises took into account the differential priorities and needs of women, men, girls and boys, and did not undermine the policies and plans that promoted gender equality and women's empowerment. In this context, the Department made reference to the Convention on the Elimination of All Forms of Discrimination against Women² and the International Covenant on Economic, Social and Cultural Rights,³ which contained provisions pertaining to the economic and social rights of women.

The Department of Economic and Social Affairs referred to General Assembly resolution 62/206 of 19 December 2007, in which the Assembly recognized that, while globalization and liberalization processes had created employment opportunities for women in many countries, they had also made some women, especially in developing countries and in particular in the least developed countries, more vulnerable to problems caused by increased economic volatility.

The Department of Economic and Social Affairs made reference to the *2004 World Survey on the Role of Women in Development: Women and International Migration*,⁴ which had examined the impact of globalization on the migration of women. It also referred to the 2009 World Survey on the Role of Women in Development, which focuses on "Women's control over economic resources and access to financial resources, including microfinance".

On the subject of globalization and violence against women, the Department made reference to the Secretary-General's 2006 in-depth study on all forms of violence against women (A/61/122/Add.1 and Corr.1), paragraphs 89-91,⁵ which noted that social changes triggered by globalization in many contexts had tended to engender new forms of violence against women, globalize previously "localized" or "traditional" forms, or worsen existing forms of violence, including trafficking on a global scale. Large-scale inequities and upheavals associated with globalization have exacerbated the conditions that generate violence against women by amplifying disparities of wealth and social privilege, impoverishing rural economies and exposing women to violence in the form of exploitative working conditions in inadequately regulated industries. It further stressed that women migrants who were undocumented or who did not have legal migration status were at greater risk of violence and had less access to protection orders, services and redress.

The Department of Economic and Social Affairs referred to General Assembly resolution 61/143 of 19 December 2006 on the intensification of efforts to eliminate all forms of violence against women, adopted by the Assembly pursuant to the above-mentioned study of the Secretary-General. That resolution and Assembly resolution 63/155 of 18 December 2008, the most recent resolution on the same issue, both recognized that women's poverty, lack of empowerment, and

² United Nations, *Treaty Series*, vol. 1249, No. 20378.

³ See General Assembly resolution 2200 A (XXI), annex.

⁴ United Nations publication, Sales No. E.04.IV.4.

⁵ Published as *Ending Violence against Women: From Words to Action — Study of the Secretary-General* (United Nations publication, Sales No. E.06.IV.8). See also the report of the Special Rapporteur on violence against women, its causes and consequences (E/CN.4/2006/61 and addenda).

marginalization resulting from their exclusion from social policies and from the benefits of sustainable development, could place them at increased risk of violence, and that violence against women impeded the social and economic development of communities and States, as well as the achievement of the internationally agreed development goals, including the Millennium Development Goals.

On the subject of globalization and sustainable development, the Department of Economic and Social Affairs referred to the Declaration on the Right to Development (General Assembly resolution 41/128 of 4 December 1986, annex), which states that “the right to development is an inalienable human right by virtue of which every human person and all peoples are entitled to participate in, contribute to, and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realized” (article 1, para. 1).

The Department of Economic and Social Affairs stated that globalization provided an opportunity as well as a challenge in the fight against world poverty and the exercise of the right to development. It referred to the opportunities that might arise from globalization through gains from trade and foreign direct investment (FDI), while cautioning that trade expansion could adversely affect domestic income equality.

The Department of Economic and Social Affairs pointed to new threats to development posed by climate change, especially in the poorest and most vulnerable countries, and stated that both developed and developing countries must adapt in the face of climate change, and that international cooperation and financial support from developed countries would be critical to addressing the adaptation needs of vulnerable countries. It emphasized the importance of adaptation measures in the area of the agriculture of developing countries so as to avert increases in hunger and food insecurity and highlighted the point made by the Intergovernmental Panel on Climate Change that some adaptation measures in agriculture could also contribute significantly to cost-effective mitigation of greenhouse gas emissions.

The Department of Economic and Social Affairs made reference to the forthcoming *World Economic and Social Survey 2009: Promoting Development, Saving the Planet*,⁶ which argued that switching to low-emissions, high-growth pathways in order to simultaneously meet development and climate challenges was both necessary and feasible through an active government role in public investment and industrial policies that guided the transformation needed to switch to a sustainable development path.

According to the Department of Economic and Social Affairs, an ambitious and equitable outcome arising from the United Nations Climate Change Conference, to be held in Copenhagen from 7 to 18 December 2009, would help promote sustainable economic growth based on low-carbon technologies, notably in developing countries, which, as a result of the Conference, would make large investments in their energy and industrial sectors over the coming decades. It pointed to developing countries' need for financial and technological support from developed countries to achieve the transition to low-carbon growth. The Department stated that globalization in the form of accelerated international investment in low-

⁶ United Nations publication, Sales No. E.09.II.C.1.

carbon infrastructure and capital stock, and accelerated international technology flows, would be important for tackling the climate change challenge.

The Department of Economic and Social Affairs concluded by stating that a successful outcome at the United Nations Climate Change Conference would involve the agreement of developed countries to take the lead in aggressive action towards mitigating emissions and supplying financial and technical assistance to developing countries. It added that further progress on multilateral trading negotiations would also be relevant in respect of better supporting global action on mitigation of and adaptation to climate change.

International Labour Organization

[Original: English]
[31 July 2009]

The International Labour Organization (ILO) stated that the ninety-eighth session of the International Labour Conference had focused, in June 2009, on the elaboration of the Global Jobs Pact, which declared the need for coordinated global policy options in order to strengthen national and international efforts centred on jobs, sustainable enterprises, quality public services, and protecting people, while safeguarding rights and promoting democratic participation.

Keeping in mind its mandate in the social and economic sphere, ILO noted that it contributed to a fair globalization, a greener economy, and development that more effectively created jobs and sustainable enterprises, respected workers' rights, promoted gender equality, protected vulnerable people, assisted countries in the provision of quality public services, and enabled countries to achieve the Millennium Development Goals.

ILO pointed out that the goal of gender equality was a fundamental component of the Global Jobs Pact, whose strategy entailed a combination of income support, skills development and the enforcement of rights to equality and non-discrimination, and whose intention was to help vulnerable groups which were most affected by the current financial crisis. ILO added that international labour standards and the supervisory and complaints mechanisms associated with them were an important focus of its activities directed towards addressing the consequences of the financial and economic crisis.

In addition to affirming the fundamental principles and rights at work covered in the Declaration on Fundamental Principles and Rights at Work adopted in 1998, ILO noted the relevance of a number of International Labour Conventions and Recommendations, including ILO instruments concerning employment policy, wages, social security, the employment relationship, termination of employment, labour administration and inspection, migrant workers, labour conditions in public contracts, occupational safety and health, working hours and social dialogue mechanisms.

The International Labour Organization stated that the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy was an important and useful tool for all enterprises, including those in supply chains, for responding to the current crisis in a socially responsible manner. In 2009, ILO upgraded its promotional work relating to the Declaration through the creation

of a Helpdesk which responds to requests for information and guidance from Governments, employers, workers and other international organizations, such as the United Nations Development Programme (UNDP). ILO stated that, through its memorandum of understanding with the International Organization for Standardization (ISO), it had played an active part in the elaboration of the ISO 26000 guidance standard on social responsibility, which it was expected would be adopted in 2010 and which explored new avenues for promoting international labour standards, environmental sustainability, improved governance in organizations, and human rights more broadly, in the context of the current global crisis.

ILO pointed out that the adoption of the Global Jobs Pact had been welcomed by the Economic and Social Council in July 2009 (see resolution E/2009/L.24), and that ILO would further intensify its cooperation with the relevant organizations and agencies of the United Nations system in the context of that endorsement.

International Monetary Fund

[Original: English]

[1 July 2009]

The International Monetary Fund (IMF) noted that the dramatic economic and financial strains that had first emerged in 2007 presented an unprecedented global challenge and had elicited a commendable cooperative global response. IMF added that significant new international efforts would be required to correct the systemic flaws that had produced the preconditions for the current crisis and to achieve a sustainable and balanced global growth rebound.

IMF stated that the crisis was the result of a serious market failure — reflecting excessive investor optimism after an extended period of strong growth, low market volatility and low real interest rates — compounded by a series of key policy and regulatory failures. IMF referred to poor financial regulation, excessive risk-taking by the private sector and unsustainable inconsistencies in national macroeconomic policy choices as the causes of the current economic crisis.

IMF pointed to three kinds of gaps that remained to be filled in the architecture of global financial systems: gaps in information, where the lack of market transparency might lead to faulty decisions; gaps in regulations which resulted in systemic flaws; and gaps in markets which forced policymakers to self-insure against systemic fragility. It noted that filling these gaps would call for new forms of international cooperation.

IMF believed that a comprehensive approach to restoring public confidence in the financial sector and relaunching global economic growth was essential. According to IMF, in order to revive the global economy, Governments, central banks and regulators must act decisively to restore confidence in financial institutions. Given the impaired conditions of the financial system, monetary policy alone would not be able to offset financial market disruption and the severity of the downturn, and fiscal stimulus was needed across countries with fiscal space, with temporary and targeted measures focused on both the revenue and expenditure spheres of economies designed to address the core problem of slowing demand. However it warned that, in pursuing the practices outlined above, policymakers

should not lose sight of the importance of medium- and long-term fiscal sustainability.

IMF noted that many countries, in particular many low-income and emerging-market countries, as well as some advanced countries, did not have sufficient fiscal space within which to implement expansionary fiscal measures in a sustainable way. It stressed the importance of the provision of external assistance by other countries, including large emerging economies.

IMF also pointed out that many of the world's poorest countries would require additional external support to safeguard their hard-won economic gains, as they were being severely affected by the global crisis. It emphasized the significance, in the context of sharply declining export and fiscal revenues, and the drying up of private financing sources, of stepped-up external assistance aimed at protecting vital social and Millennium Development Goals-related spending and averting a forced pro-cyclical adjustment.

IMF noted that there was broad consensus on the need to avoid protectionism in all forms in implementing policy responses to the crisis. It stated that a more open and secure international trading system would be a critical element of the future economic order. According to IMF, achieving an ambitious and development-oriented conclusion to the Doha Round was essential. It suggested that donors step up their efforts in providing Aid for Trade to low-income countries, so as to enable them to take full advantage of trade as an engine for recovery and sustainable growth.

IMF has been strengthening its approach to and role in helping to combat the global economic crisis and reinforce the financial system in a variety of ways, inter alia, by significantly increasing concessional lending, continuing progress on debt-relief initiatives, while reviewing debt limits and the debt sustainability framework, emphasizing social protection, expanding provision of technical assistance, and contributing to the strengthening of the international financial architecture.

IMF stated that it was trying to ensure that economic adjustments undertaken to combat the impact of the crisis also took into account the needs of the most vulnerable by fostering the development or enhancement of social safety nets. It added that social spending was being preserved or increased wherever possible and that about one third of programmes in low-income countries included floors on social and other priority spending. IMF noted that it was working closely with the World Bank and donors to identify sources of external financing for social protection and promote social safety net reform.

IMF stated that it was contributing to the ongoing effort to draw lessons from the crisis for application to policy, regulation and reform of the global financial architecture. On the important issues of quotas and votes within IMF, it noted that the membership had adopted in April 2008 an important reform of the quota formula and an ad hoc increase of quotas designed to rebalance the IMF quota shares so as to better reflect the evolution of the world economy, and also noted the further impetus given by the International Monetary and Financial Committee in April 2009.

United Nations Conference on Trade and Development

[Original: English]

[20 July 2009]

The United Nations Conference on Trade and Development (UNCTAD) stated that the ungoverned nature of the global monetary system was increasingly viewed as having a detrimental — if not systemically fatal — impact on promoting equitable and sustainable economic growth for managing globalization in a manner that systematically reduced poverty and ensured the attainment of international development targets, as stated in paragraph 7 of General Assembly resolution 63/176. It noted that of most immediate concern to poor countries, especially those that were dependent on the export of food commodities or were heavily food import-dependent, were sharp volatility and accentuated risk in food commodity markets, which should be singled out for the attention of policymakers in the coming period. UNCTAD called for consideration not only of immediate action to stabilize conditions in these markets, but also of deeper and more fundamental systemic reform, if trade and finance were to serve development and not vice versa.

UNCTAD stated that the build-up and eruption of the crisis in the financial system had been paralleled by an unusually sharp increase and subsequent strong reversal in the prices of internationally traded primary commodities. It further noted that the price hike for a number of commodities had put a heavy burden on many developing countries relying on imports of food and energy commodities, and had contributed to food crises in a number of countries in 2007-2008, while the slump of commodity prices in the second half of 2008 had been one of the main channels through which the dramatic slowdown of economic and financial activity in the major industrialized countries was transmitted to the developing world. UNCTAD stated that although the reversal in commodity prices was considerable, it corresponded to only about one seventh of the previous six-year increase, which meant that commodity prices remained well above their levels in the first half of this decade.

UNCTAD noted that the strong and sustained increase in primary commodity prices between 2002 and mid-2008 had been accompanied by a growing presence of financial investors on commodity futures exchanges. It further stated that this “financialization” of commodity markets had raised concern that many of the recent commodity price developments — and especially the steep increase in 2007-2008 and the subsequent strong reversal — had been largely driven by financial investors’ use of commodities as an asset class.

UNCTAD highlighted the greater weight exerted by financial investors on commodity futures exchanges as a major new element in commodity trading over the past few years. It pointed out that these developments in commodity prices suggested that, beyond the specific functioning of commodity markets, broader macroeconomic and financial factors which operated across a large number of markets needed to be considered if recent commodity price developments were to be fully understood.

UNCTAD stated that the involvement of financial investors had taken on new dimensions in the aftermath of the dot-com crash in 2000. It highlighted the parallel developments in commodity markets where the number of futures and options contracts outstanding on commodity exchanges worldwide had increased more than

5-fold between 2002 and mid-2008, while, during the same period, the notional value of over-the-counter commodity derivatives had increased more than 20-fold. UNCTAD referred to this parallel development as a first indicator of the role of large-scale speculative activity in driving commodity prices first up and then down.

UNCTAD stated that uninformed trading combined with herd behaviour related to the managed funds that used technical-analysis tools, such as trend identification and extrapolation and algorithmic trading, for position-taking had resulted in increased short-term price volatility, as well as the overshooting of price peaks and troughs. It pointed out that the sustained trend towards greater financialization of commodity trading had increased the number and relative size of price changes that were unrelated per se to fundamental conditions.

UNCTAD noted that open-market price discovery and price risk management had traditionally been seen as the main benefits that commodity futures exchanges could provide to developing-country users. It added that hedging on commodity futures exchanges, by reducing price risk, had also been seen by some as an alternative to supply management under international commodity agreements. In the current situation, commodity exchanges had come to assume a broader developmental role, as their utility for developing countries had increasingly been perceived in terms of their removing or reducing the high transaction costs faced by entities along the commodity supply chains. UNCTAD stated that, given the increasingly controversial functioning of commodity exchanges due to the financialization of commodity futures trading, the question posed by the current financial crisis was how the functioning of commodity futures exchanges could be improved in such a way as to enable them to fulfil their developmental role. In trying to answer this question, UNCTAD had found it useful in this context to look at regulatory issues regarding commodity futures exchanges as well as to address broader international policy measures.

In this respect, UNCTAD suggested immediate action in several areas where improved regulation and global cooperation could address the impact of financial investment on commodity futures exchanges, including:

(a) Comprehensive trading data reporting, where monitoring information about sizeable transactions in look-alike contracts would enable regulators to understand what was moving prices and to intervene if certain trades looked problematic;

(b) Effective regulatory reform to enable regulators to counter unwarranted impacts from over-the-counter markets on commodity exchanges so that regulators might be able to intervene when swap dealer positions exceeded speculative position limits and might represent “excessive speculation”;

(c) Extending the product coverage of detailed position reports of United States-based commodity exchanges and requiring non-United States exchanges that traded look-alike contracts to collect similar data, allowing regulators to prevent bubble-creating trading behaviour from having adverse consequences for the functioning of commodity futures trading;

(d) Renewed efforts to design a global institutional arrangement supported by all concerned nations, consisting of a physical grain reserve to stabilize markets and to respond to emergency cases and humanitarian crises; and an intervention mechanism, whereby intervention in the futures markets would be envisaged when a

competent global institution considered that market prices differed significantly from an estimated dynamic price band based on market fundamentals. The global mechanism should be able to bet against the positions of hedge funds and other big market participants and would assume the role of “market maker”.

United Nations Development Programme

[Original: English]
[28 July 2009]

The United Nations Development Programme (UNDP) stated that its approach to development was based on a process of expanding people’s choices in respect of leading lives that they valued, and the definition of poverty as a multidimensional phenomenon involving not only income deprivation but also lack of access to services such as health and education, dignity and participation in a community. UNDP noted that the fight against poverty in all its dimensions was concomitant with the efforts to realize civil, cultural, economic, political and social rights for all people.

UNDP stated that it had supported countries’ efforts to integrate human rights standards and principles into poverty and development frameworks through different pilot initiatives at the country level. At the global level, the Programme sought to improve its existing tools, with a view to integrating human rights standards and principles into its work, which included, inter alia, the MDG Needs Assessment Models and the forthcoming Statistical Literacy online course.

UNDP stated that it supported developing countries’ efforts to leverage the potential of globalization to fight poverty and improve the standard of living of their populations. It asserted that globalization through flows of trade, investment and technology could contribute to advancing human development. It noted that a combination of internal and external constraints undermined efforts of the poorest countries to take advantage of the opportunities offered by globalization and added that the current economic and financial crisis had revealed the vulnerability of the poorest countries to external shocks and their limited capacity to respond.

The Programme stated that its work on promoting a more inclusive globalization focused on enhancing developing-country capacities to compete internationally, and to negotiate, interpret and implement agreements on trade, intellectual property and investment in a manner that prioritized poverty and inequality reduction as well as human development. UNDP added that it assisted countries in strengthening national capacities to negotiate and manage development finance, including aid and debt, consistent with the achievement of the Millennium Development Goals and other internationally agreed development goals. In this context, UNDP noted that it collaborated actively with developing countries, development partners, agencies and international financial institutions, including regional banks in the Aid for Trade initiative and the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries, which aims to enhance the volume and quality of aid allocated to trade-related interventions in these countries and assist them in mainstreaming trade in their national development plans and poverty reduction strategies.

UNDP stated that, through the United Nations System Chief Executives Board for Coordination Inter-Agency Cluster on Trade and Productive Capacity established at the twelfth session of UNCTAD, held in Ghana in April 2008, it contributed to system-wide efforts to enhance development policy coherence and was playing an important role in mainstreaming trade in the country-level United Nations Development Assistance Frameworks. UNDP added that the Inter-Agency Cluster had launched a publication in July 2009 entitled “Aid for Trade and Human Development: A Guide to Conducting Aid for Trade Needs Assessment Exercises”, which proposed a participatory methodology for the realization of trade needs assessments anchored in the human development approach. UNDP pointed out that the Cluster was working towards the articulation of a methodology to assess the human development impact of trade.

In the area of development finance, UNDP noted that its work had been concerned with the implications of the debt sustainability framework in heavily indebted poor countries and other critically indebted countries for the achievement of the Millennium Development Goals. UNDP had undertaken various country case studies which provided policy advice on effecting a greater alignment of borrowing practices with the Millennium Development Goals.

UNDP made reference to its efforts to engage the private sector as an active partner for human development as reflected in its participation in the United Nations Global Compact since 2001 and its contribution to the establishment of 60 Global Compact local networks. These networks, which bring business together with civil society organizations and Governments, aim at promoting the principles of the Global Compact, including on human rights, labour rights, environment and anti-corruption. UNDP also noted that it hosted the secretariat of the Business Call to Action and through this, had implemented more than 50 partnerships with private companies worldwide. The main objectives of these efforts are to promote cross-sector partnerships in support of the Millennium Development Goals, create more benefits from globalization for vulnerable groups, and encourage business to contribute to employment creation for low-income populations and to provide better access to basic goods and services.

In this framework, UNDP noted that in 2007 it had adopted an organization-wide private sector strategy entitled “Promoting Development of Inclusive Markets”, which emphasized the Programme’s role in supporting programme countries in developing markets and economies accessible to and benefiting low-income populations, while also taking into account environmental sustainability issues. This strategy is being implemented through an increasing number of projects and programmes.

UNDP indicated its awareness that poverty reduction depended on the sustainable use of natural resources and vice versa. The Programme, being one of the three main implementing organizations of the Global Environment Facility, emphasized its significant presence on the ground, and well-established system of quality control through its Regional Service Centres. UNDP further stated that its achievements in the area of environmental sustainability included the creation of new protected areas in 50 countries through the implementation of biodiversity projects funded by the Global Environment Facility, ensuring the prevention of carbon dioxide (CO₂) emissions, assistance to over 100 countries and 20 international water bodies in ensuring long-term environmental sustainability,

and the elimination of 63,000 tons of ozone depleting substances in 100 countries since 2001 under the Montreal Protocol on Substances that Deplete the Ozone Layer,⁷ which has also produced significant climate benefits.

UNDP stated that *Human Development Report 2009*, entitled *Overcoming Barriers: Human Mobility and Development*, to be launched in October 2009, would take as its starting point the extraordinarily unequal global distribution of capabilities, which could be compounded by policy distortions, and elaborate on recommendations to enhance the human development outcomes of migration.

UNDP noted that it was also leading efforts by the European Commission, the Office of the United Nations High Commissioner for Refugees (UNHCR), the United Nations Population Fund (UNFPA), ILO and the International Organization for Migration to implement the Joint Migration and Development Initiative, whose overall objective was to support civil society organizations and local authorities seeking to contribute to linking migration and development and aiming at, inter alia, identifying good practices in this field and sharing information on what actually worked at the local and international levels, with a view to contributing to policymaking on migration and development.

World Trade Organization

[Original: English]
[3 August 2009]

The World Trade Organization stated that the General Assembly had clearly recognized the unique role that multilateral mechanisms played in meeting the current challenges and making use of the opportunities presented by globalization. In this regard, the World Trade Organization noted that that role, as interlinked with a universal collective framework of rules and disciplines, was embedded in its foundations and functions. Transparency, coherence and equity are the driving forces behind the operation of the multilateral trading system, as they are behind the functioning of the human rights mechanisms.

The World Trade Organization noted, in making reference to their collective historical background, that both the multilateral trading system and the human rights mechanisms had several features in common, both having been the outcome of a post-Second World War movement that had established institutions to maintain international peace, security and prosperity. The multilateral trading system has found its place within a universal framework of rules and disciplines; and as one of the complementary elements within the network of global governance, it supports the fulfilment of human rights aspirations through the substantial reduction of barriers to trade, the elimination of discriminatory treatment in international trade relations and the peaceful settlement of disputes through the rule of law.

The World Trade Organization stated that opening up international trade went hand in hand with growth and development and generated efficiency in raising standards of living; in this way, it could contribute to the actual improvement in the area of human rights. Nevertheless, this is not an automatic process and presupposes

⁷ United Nations, *Treaty Series*, vol. 1522, No. 26369.

that existing rules are global and just and reflect the needs of all who adhere to them.

The World Trade Organization also stated that the present set of rules and agreements that collectively formed the multilateral trading system did not entirely reflect the changes in terms of composition and demands that the World Trade Organization was facing in today's globalized world of trade. The call for rebalancing the rules and directing them towards the needs of developing countries had constituted the most important factor behind the decision of World Trade Organization member States to launch the Doha Round of negotiations in 2001. The strongest drivers of this conviction that change was needed were the changing economic, social and environmental features of the international system and the recognition of a shared responsibility for addressing the development and poverty challenges dominating today's international agenda.

Moreover, the World Trade Organization highlighted the fact that, in economic terms, the multilateral trading system had contributed significantly to economic growth, development and employment. Trade is recognized as one of the driving forces of globalization and the role that trade plays in fostering economic development and alleviating poverty is a clearly established one, inasmuch as it has generated gains for many developing countries. The reverse effects of collapsing trade volumes on growth, employment and stability show both the importance and the vulnerability of trade in current circumstances. In 2001, ministers of all member countries of the World Trade Organization had been determined to maintain the process of reform and opening of trade policies, so as to continue to ensure that the system played its full part in promoting recovery, growth and development.

The World Trade Organization also stated that, given the importance of international trade for economic development and poverty alleviation, its members sought to ensure that addressing the needs and interests of the majority of the members — developing and least developed countries — was at the heart of the system's functioning. Along these lines, the World Trade Organization sought the adaptation and reform of the multilateral trading system in such a manner as to ensure that the majority of its shareholders would be able to secure a share in the growth of world trade that was consonant with their economic and development needs.

The World Trade Organization stated that this change in its priorities was reflected in the daily operations of the Organization, as well as in the negotiating positions of its members. Several of the system's key functions have been reinforced and redirected towards the needs and interests of developing and least developed countries. Providing guaranteed market access, reforming the rules in favour of developing countries and building demand-driven and sustainable technical assistance and capacity-building programmes exemplify the central role that development plays in the present operations of the World Trade Organization. The ongoing Doha negotiations continue to show that the World Trade Organization membership has collectively embraced the notion that the multilateral trading system plays a crucial role in advancing the position of most if not all of the poorer countries in the world and that much work remains to be done in fulfilling the multilateral system's potential for creating welfare.

In this respect, the World Trade Organization noted that the current economic and financial crisis did pose a serious threat to the developmental progress achieved

so far. The crisis is a global one, one that will require global solutions. No economy in the world is immune to its spread; and although there are some signs of stabilization on the financial markets, the crisis is far from over, in particular for many developing countries that have only now become fully exposed to the economic and social effects of the crisis. Given the explicit negative impact of the crisis on many of the poorer economies in the world, the international community needs to act together to help them find the margin of comfort needed to absorb this impact. Many developing countries currently do not have the means to avail themselves of the fiscal stimulus packages required to reboot their economies, nor do they have subsidies available to support their agriculture or business communities through the crisis. They lack the social safety nets needed to protect their populations from declining incomes and the possibility of their being pushed back under the poverty line.

The World Trade Organization has projected that in 2009, trade volumes will contract by as much as 10 per cent, entailing a 14 per cent decline for developed countries, and a 7 per cent decline for developing countries. Together with the sharp drop in global production and demand in 2008 and a further expected contraction in 2009, current developments put at stake the very benefits that trade has produced as one of the engines of growth.

The World Trade Organization emphasized that this is of particular concern to developing countries, which are disproportionately affected because of falling demands for both commodities and finished goods, negative commodity price trends and increased difficulty in accessing costly trade financing. Export earnings and Government revenues will likely continue to be depressed in many developing countries, while remittances from rich countries have already shrunk. Finally, FDI inflows to developing countries are expected to decline in 2009, in some countries by as much as 40-50 per cent.

The World Trade Organization stated that the situation might be further exacerbated, inasmuch as there was the risk of an increase in protectionist measures, which were likely to create a downward economic spiral. The World Trade Organization monitors the trade and trade-related measures taken by its members in the context of the crisis. Its most recent report indicates that there are further negative tendencies towards more trade-restrictive actions, but that resort to high-intensity protectionism has been contained. Moreover, there are signs of an improvement in the trade policy environment in the form of trade-opening and -facilitating measures. However, despite continued calls from the world's leading economies to refrain from resorting to protectionism, there is no clear indication that there will not be a resurgence of protectionism.

Furthermore, the World Trade Organization also emphasized that it was crucial to keep opening up trade through the conclusion of the Doha Development Agenda. The recent commitment by a large number of members to achieve a conclusion by the end of 2010 is both a welcome and much-needed sign of the recognition of the importance of multilaterally agreed trade rules and disciplines. The existing rules already recognize legitimate trade measures and action, and a further strengthening of those measures that are focused on equitable development would be one of the most important collective actions that Governments around the world could take. An ambitious, balanced and development-oriented conclusion to the Doha Development Agenda would ensure that the global trading system remained open to supporting

the development efforts of all countries. The World Trade Organization further stated that the Doha Development Agenda was the best available multilateral stimulus package and that concluding it was the surest way of safeguarding individual trade interests and the multilateral trading system against an outbreak of protectionism.

The World Trade Organization indicated that, in the context of the current financial crisis, international banks and other credit providers were not able to supply sufficient credit at affordable rates, as demanded by traders. Further to the commitment to increase aid that had been agreed by world leaders at the 2009 G-20 Summit in London, the existing trade financing gap is being addressed by both Governments and multilateral development banks. However, more action is needed, in particular in terms of building stable and longer-term productive capacity and infrastructural networks in developing countries.

The World Trade Organization noted that the need for predictable, sustainable and non-debt-creating finance had been reiterated during its Second Global Review on Aid for Trade, held in Geneva in July 2009. Aid for Trade is a stimulus that many developing and least developed economies need in order to build their productive capacity and to be able to use trade as a tool for poverty reduction. The Review demonstrated that since 2005, Aid for Trade had grown by 10 per cent per year, bringing the total new commitments to the level of more than 25 billion United States dollars in 2007. Moreover, non-concessional aid from international financial institutions has added another US\$ 27 billion, more than doubling the 2007 figure. In this context, the World Trade Organization noted that there was a clear need to build upon the progress made within the regional dimension of Aid for Trade and to intensify the work of the WTO and its regional partners, including regional development banks, bilateral donors and the private sectors. Recipients of Aid for Trade have clearly indicated that it is one of the most important multilateral instruments for helping developing countries deal with problems emanating from the financial crisis and allowing them to emerge from it in a better position to take advantage of trading opportunities.

The World Trade Organization highlighted the fact that Aid for Trade and a successful conclusion of the Doha Round were two global tools that the international community could — and should — use to combat the negative effects of the crisis. Both Aid for Trade and the Doha Round were the outgrowth of mutual interests and cooperation and provide a further opportunity to reinvigorate multilateral cooperation and affirm its importance. Strengthening the rules of the multilateral trading system and locking in countries' trade policy ambitions and aspirations act as important multipliers of improved and more efficient global governance.

The World Trade Organization also emphasized that the fundamental disciplines that had thus far guided international trade were crucial to supporting economic recovery, growth and development and thus a more efficient and sustainable realization of human rights. The World Trade Organization underlined its position on globalization, namely, that it has been and can continue to be a source of welfare creation as long as the international community stands ready to harness — and regulate — it through policy and law.