Special High Level Meeting of ECOSOC with BWIs, WTO and UNCTAD

The regional dimension of achieving commitments made in Monterrey and the MDGs can be relates to:

A. Policies and strategies

- Promoting coherence and consistency between monetary, financial and trading policies not only at global but also regional levels is needed. Regional initiatives to prevent crises and promote trade, investment and financial cooperation need to be encouraged and where they exist, they need to be expanded even if they are not primarily advocated by the IMF, the World Bank and the WTO.

- Countries need to be supported in integrating the regional perspective in their policy consideration. In this regard, cooperation between BWIs, regional development banks and the regional commissions should be promoted.

- Globalization has increased the vulnerability of the developing and transition economies to adverse external shocks. Even for countries recently benefiting from recovery of commodity prices like oil, steel and soy beans, there exist significant structural weaknesses emanating from high dependence of exports of natural resources and low value-added products, implying a high vulnerability to external shocks. In some of them, the loss of competitiveness associated with real exchange rate appreciation (the "Dutch Disease") is becoming a burden to producers and is reducing off aggregate domestic economy. Diversification of their economies is a must for sustainability of development and poverty reduction. The role of intra-regional trade in the policies aiming at diversification is to be recognized.

B. Trade

- The developing regions, in varying degrees, are also far from harnessing the potentials from increasing intraregional trade, which calls for focused policy initiatives to reduce and eliminate tariff and non-tariff barriers hindering the development of such trade.

Africa and the Arab region, for example, have suffered from almost stagnating levels of intra-regional trade, which in both cases, have been just 10 percent or lower over the past few decades.

- There are new challenges to regional integration derived from the recent developments in trade negotiations as well as those arising from the volatility of capital flows. The wave of regionalism experienced by several regions during the 1990s, sparked intra-regional trade for some time, stimulating in this way GDP growth. However, during the last years bilateral North-South trade agreements have proliferated. While their benefits in terms of market access is evident, they also generate administrative costs and include non-trade issues whose benefits are not so clear. There is a need to work with countries of that Region in ways to strengthen their institutional capacity to adequately manage Free Trade Agreements.

- With regard to the liberalization of trade in the developing and transition economies, it is important to note that with progressive liberalization, revenues from international trade taxes will inevitably drop, thus leaving many of those countries with the problem of compensating this revenue loss. It is therefore important to combine trade liberalization with other policies that buffer the domestic economy in those countries against negative shots to terms of trade and to improve tax collection. Indeed, this is an aspect that should be addressed by the Committee of Experts on International Cooperation in Tax Matters recently established by ECOSOC in its resolution 2004/69.

On investment flows:

- At least in some regions, the bulk of Investment flows remain concentrated only in a few countries. There is a need to forge greater cooperation, both intraregional and interregional, to enable wider distribution of investment resources and to create necessary enabling atmosphere for that purpose. There are evident signs of weaknesses like tax competition in competing for newer and higher quality investments. I do not believe that this is a forward-looking policy. Additional policy initiatives are needed to redress these weaknesses.