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Informal review session on Chapter III of the Monterrey Consensus

“International trade as an engine for development”

Statement on behalf of the European Union by

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European Commission, Brussels

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I have the honour to speak on the behalf of the European Union.

The Candidate Countries Turkey, Croatia* and the former Yugoslav Republic of Macedonia*, the Countries of the Stabilisation and Association Process and potential candidates Bosnia and Herzegovina, Serbia, as well as the Republic of Moldova, Armenia and Georgia align themselves with this declaration.

Distinguished Co-chairs,

The European Union is fully engaged and committed to the implementation of the Monterrey Consensus, including in the field of trade. We think that the fundamental analysis and essential conclusions reached in 2002 remain valid and should be re-affirmed in due course this autumn. In the same spirit of partnership established in the Consensus, we look forward to participating actively in the review of implementation of this chapter.

As recognised in Monterrey, international trade is a strong engine for development, economic growth and poverty reduction. It has an important impact in the economic activity of developing countries and is an essential ingredient in their sustainable development, but at the same time it is not a 100% guarantee of particular results. Trade reforms must be also part of a wider strategy that includes: the right combination of sound macroeconomic and structural policies, human resource development, appropriate social safety nets, improved infrastructure and market access, and the creation of enabling environments for investment and innovation.

The open, rules-based multilateral trading system founded on WTO together with meaningful, progressive and well-designed trade liberalisation provide an ongoing opportunity for all developing countries to maximise the potential contribution of trade to generate resources to support their own sustainable development. It is also important to continue to work to ensure that international structures and initiatives, including the multilateral trading system and WTO, are designed with this objective in mind.

* Croatia and the former Yugoslav Republic of Macedonia continue to be part of the Stabilisation and Association Process.

Excellencies,

Of the different elements covered in Chapter 3 of Monterrey Consensus, the EU sees the following as representing the most important collective policy challenges:

1. WTO DDA negotiations need to be brought to a successful conclusion with an ambitious, comprehensive and balanced outcome as soon as possible. The results presently in prospect would be significantly pro-development, through a combination of improved market access possibilities in goods and services and stronger disciplines and rules, and would give a boost to better and more effective Aid for Trade. The EU is ready to play its part. However, it should be noted that without meaningful market opening commitments by emerging economies, the full developmental potential of the DDA will not be achieved.

2. Regional integration initiatives, which have continued to proliferate, must be designed in a way to advance development and promote and support regional integration among developing countries. The EU will continue to ensure that all its agreements with developing countries are in full conformity with WTO rules and promote and support development and regional integration among developing countries.

3. It is important that not only developed countries but also developing countries, especially emerging economies, in a position to do so take concrete steps to **implement Duty Free Quota Free market access to all LDCs**, as was agreed by WTO members in Hong Kong in December 2005. The EU welcomes that an increasing number of DCs have shown willingness to increase Duty Free Quota Free market access to LDCs. The EU encourages other countries also to follow-up quickly on this.

4. Aid for Trade is one area where much progress has been made since 2002 to define and operationalise the concept. Aid for Trade remains a vital complementary component to the DDA and other liberalisation and rule-making efforts to increase developing countries trading capacity, address constraints holding back their trade potential and ability to compete in local, regional and global markets. For the full potential of Aid for Trade to materialise, it is important that developing countries participate fully in the needs assessment, prioritisation and planning of activities and that trade-related elements are integrated into national development strategies. The EU, the largest provider of Aid for Trade worldwide, has taken a very active role in work aimed at developing a global vision on Aid for Trade. The EU has made significant efforts to operationalise WTO Task Force recommendations on Aid for Trade

by adopting the EU Joint Aid for Trade Strategy on 15 October 2007, and is now moving ahead to implement this Strategy.

Distinguished Co-chairs,

In conclusion, trade will continue to play an important role in assisting developing countries to develop and reduce poverty. Many developing countries have caught up with the average income levels of developed countries or are on the path to do so. The essential challenge for the international community is to work to ensure that all other developing and least developed countries are also enabled to use the potential of international trade to support their own development to the full.

Thank you.