

International trade as an engine for development¹

At the Monterrey conference, we committed ourselves to promoting international trade in a manner that promotes economic growth, employment and development for all. Unfortunately, this has not been translated into reality. The multilateral trade regime remains significantly unbalanced, excluding a considerable number of developing countries, particularly many LDCs from the full benefits of trade. The systemic impact of the international financial crisis is likely to impact international trade and aggravate the situation further. In this regard, we recognize that the continuing impasse of the Doha Round of WTO trade negotiations also takes away the possibility of trade playing its due role as the engine of growth and development and call for an urgent stock taking of the situation in the present global context and call for even greater urgency in fulfilling the development dimensions of the Doha development agenda and to work towards its early completion.

22. We recognize ~~reaffirm our commitment to~~ that international trade is inextricably linked to economic growth and development and that a universal, rule-based, open, non-discriminatory and equitable multilateral trading system as well as meaningful trade liberalization can substantially stimulate development worldwide, **benefiting countries at all stages of development.** We are encouraged to see that international trade, especially the trade of developing countries and countries with economies in transition, has expanded at a fast pace in the current decade. Trade among developing countries has now become one of the most dynamic elements in world trade. However, a considerable number of developing countries, including many least developed countries, have remained at the margins of these developments. **In that regard, we also reaffirm our commitment to meaningful and equitable trade liberalization and to ensure that trade plays its part in promoting economic growth, employment and development for all. We recall our strong commitment in the Monterrey Consensus to the decisions of the WTO to place the needs and interests of developing countries at the heart of its work programme and our commitment to implement the expected recommendations. We emphasize that the special and differential treatment for developing countries in trade agreements must be ensured and take into account the asymmetries between countries and regions, as well as ensuring policy space in key sectors. We call for development oriented and coherent trade policies at all levels.**

23. A major challenge persists. The Doha Round of multilateral trade negotiations has not been concluded, jeopardizing a continued dynamic expansion in the exports of developing and transition economy countries, and adding to the risk of a slowdown in the global economy. We will strive for a successful, early and truly development-oriented conclusion of the Doha Round that ensures fair, balanced and equitable market-opening commitments.

23alt. We are seriously concerned over the failure in July of the talks on the WTO Doha Round that will preclude finishing negotiations this year and consider it a

¹ This section will be reviewed in the light of ongoing negotiations.

serious setback for the Doha Round and call upon the developed countries to demonstrate the flexibility and the political will necessary for breaking the current impasse in the negotiations, and we reaffirm the need to strictly adhere to the development mandate of the Doha Ministerial Declaration, the decision of the General Council of the World Trade Organization of 1 August 2004 and the Hong Kong Ministerial Declaration, which places development at the heart of the multilateral trading system.

24. We recognize the need **to urgently restart the negotiations in a climate of solidarity and transparency with a view to concluding the Doha development agenda as soon as possible. In this regard, we must make progress in the Doha development agenda especially in the areas we agreed to in paragraph 28 of the Monterrey consensus and affording the necessary policy space for developing countries in particular the LDCs** ~~to make progress in key areas of the Doha Development Agenda that are of interest to developing countries, including, inter alia, increased market access for manufactures and agricultural products, substantial reduction and elimination of subsidies, facilitating technology transfer, effective provisions for special and differential treatment for developing countries, opening of markets to services from developing countries, and affording sufficient policy space for developing countries in particular LDC's.~~

24bis. We emphasize that protection and enforcement of IPRs should contribute to the promotion of technological innovation in and to the transfer and dissemination of technology to developing countries, which is vital for development.

25. We acknowledge that the economic, financial and trade systems require a **profound restructuring that must take place immediately in order to be able to address the current crises. In this regard,** we acknowledge that the optimum pace and sequence of liberalization **by developing countries** depends on the specific circumstances of each country, and that its costs and benefits must be weighed carefully in each case. It must be complemented by **support for** expansion of productive capacities, the development of human resources and basic infrastructure, access to technology and adequate safety nets. A positive impact of liberalization on development also depends to a large extent on appropriate actions **by developed countries**, including predictable access to markets, eliminating abuse of anti-dumping measures, reduction of tariffs and non-tariff barriers, and ~~avoidance of~~ **measures that distort trade, in particular subsidies.**

~~26. We recognize that least developed countries will require special measures and international support to allow for a more gradual and effective adjustment to an open and competitive global economy. International financial institutions, including regional development banks, should provide them with all possible assistance in this regard. We renew the call to developed countries and other countries in a position to do so to provide duty free and quota free access to all products from least developed countries. We will also redouble efforts to provide technical assistance to low income developing countries that request it, in order to enable them to participate effectively in the multilateral trade~~

~~system. The Enhanced Integrated Framework Trade-related Technical Assistance to Least Developed Countries and by providing support to allow least developed countries to participate effectively in international trade negotiations.~~

26alt. We recognize the challenges faced by LDCs in integrating beneficially into the multilateral trading system. LDCs will require special measures and international support to benefit from world trade. Enhanced market access and adequate assistance to build up supply-side capacity are essential for their increased participation in world trade. In this regard, we renew the call to developed countries and developing countries declaring themselves in a position to do so to implement their commitment to provide duty-free and quota-free market access to all products from all LDCs along with simplified and transparent rules of origin so as to facilitate exports from LDCs. We reaffirm our commitment to implement the LDC modalities on services and give priority to the sectors and modes of supply of export interest to LDCs, particularly with regard to movement of services providers under Mode 4. We also recognize that LDCs will require special measures and international support to enable them to benefit from a rule-based multilateral trading system. Developed countries, UN system organizations, international financial institutions, including regional development banks, should provide them with all possible assistance in this regard.

26altbis: We will redouble our efforts to enhance effective trade-related technical assistance to and capacity building of LDCs to overcome their limited human, institutional and supply-side capacity. In this regard, the Enhanced Integrated Framework (EIF) should be operationalized as soon as possible so that the LDCs could benefit from the enhanced resources that are made available under the EIF to strengthen their trade capacity.

26bis. We also recognize the special challenges faced by low income developing countries, as well as small and vulnerable economies, including market access and supply side constraints, in fully benefiting from the multilateral trading system and call for special measures and international support to low income developing countries for a faster expansion of their trade and productive capacities.

26ter. We also recognize that middle-income countries continue to face substantial development challenges and that they need equitable measures and additional support to allow their effective participation in the global economy,

~~27. Aid for Trade is a vital component of the measures required for developing countries to effectively benefit from the Doha Round. Aid for Trade is not a substitute for a successful outcome of the Doha Development Agenda. We will strive to substantially enhance Aid for Trade to support efforts of recipient countries to take advantage of new trade opportunities and assist them in addressing trade liberalization adjustment measures. A critical aim of Aid for Trade should be to enhance competitiveness and ownership while aligning it with the respective national development strategy. The commitments by individual donors relating to Aid for Trade should be fully implemented~~

27alt. Aid for trade is an important component of the measures required for developing countries to effectively benefit from the Doha Round. Aid for Trade is not a substitute for the development benefits that will result from a successful conclusion of the DDA, but a complement to it. We call upon developed countries to substantially enhance aid for trade to support efforts of developing countries, particularly LDC's, to develop their productive capacities for value added products, trade related infrastructure and institutional capacities, in accordance with their needs and national priorities, in order to take advantage of trade opportunities . The commitments by individual donors relating to Aid for Trade should be fully implemented in a timely manner.

~~28. Broader and effective participation of countries in the international trade regime is a key objective of the Monterrey Consensus. We will endeavour to facilitate the accession of developing countries and countries with economies in transition that apply for membership in the World Trade Organization.~~

28alt. Broader and effective participation of countries in the international trade regime and developing the multilateral trade rules will help to achieve the objectives of the Monterrey Consensus. We will ensure the accession of all developing countries, in particular the LDCs, that apply for membership in the World Trade Organization (WTO), without political impediments, in an expeditious and transparent manner and with full observance of the principles of special and differential treatment for developing countries.

~~29. We recognize that regional integration as well as and bilateral trade agreements can be important instruments to expand trade. We should ensure that these agreements are people centered, promote long-term development and become "building blocks" in the multilateral trading system. International support through triangular cooperation to South-South cooperation in trade and other related areas can be catalytic in strengthening and consolidating regional and subregional trading arrangements integration. We will seek to enhance that support, including through triangular cooperation.~~

29bis. We stress the importance of increased support to South-South cooperation initiatives in trade related areas, including through triangular cooperation.

30. We welcome 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. UNCTAD has an important role to play as an institution with universal membership and a mandate to serve as the focal point of the United Nations for the integrated treatment of trade and development and the interrelated issues of finance, investment, technology and sustainable development.

30bis. At the same time, those UN specialized agencies that have the mandate should also strive to help developing countries building their trade-related productive capacities.

32. We are encouraged by the recovery of ODA from its declining trend before the Monterrey Conference. Since the Conference, there has been a significant turnaround in the overall volume of aid flows. ODA in real terms doubled between 2001 and 2007. We note with concern the overall decline in ODA in 2006 and 2007 and that a significant part of ~~the increase in~~ aid flows after 2002 in the previous period comprised growing debt relief **and humanitarian assistance**. The aid absorptive capacity of developing countries has increased significantly as a result of their improved domestic policies. We are encouraged that some donor countries have **established timetables for fulfilling their long standing ODA** commitments, ~~We are encouraged that some donor countries have already made ODA commitments~~ such as the European Union **to reach** for 0.56 per cent of gross national income (GNI) for ODA by 2010 and 0.7 per cent by 2015. ~~We also welcome the reaffirmation of targets by the G-8 countries in Hokkaido, Japan, to increase their ODA to \$130 billion by 2010.~~ **We are also encouraged by the fact that some of these countries have met or surpassed** the 0.7 per cent target of GNI for ODA. ~~of gross national income (GNI) for ODA by 2010 and 0.7 per cent by 2015. We also welcome the reaffirmation of targets by the G-8 countries in Hokkaido, Japan, to increase their ODA to \$130 billion by 2010.~~ The full implementation of these targets **however**, is vital to substantially boost the resources available to push forward the international development agenda. **We emphasize that the ongoing financial crisis should not dilute commitment of developed countries for meeting their aid commitments. We also note with concern that there continues to be a net outflow of resources from developing to developed countries, in many cases far surpassing the inflow of ODA.**

33. ~~We recognize that major efforts are still needed for the achievement of the internationally agreed development goals, including the Millennium Development Goals. Developing countries must formulate and implement effective national development strategies, and the international community must increase its support substantially. To reach their agreed timetables, developed countries should take urgent measures to raise the rate of increase of aid disbursements. It is equally important that countries that have not already formulated timetables or reached 0.7 per cent of GNI as ODA do so. We once more urge all developed countries that have not yet done so to make definite efforts to~~ **take urgent measures** to achieve the target of 0.7 per cent of GNI as ODA to developing countries, including the specific target of 0.15 per cent to 0.20 per cent of GNI for least developed countries, by 2010. **We stress the importance of mobilizing greater domestic support in developed countries towards the fulfillment of their commitments, including through raising public awareness.** **Further**, addressing the current ~~high~~ food and energy ~~prices~~ **crises** and implementing actions related to climate change carries a deep developmental connection and makes it **even** more urgent to fully meet all the pre-existing cooperation targets, ~~This will require~~ **and provide** the considerable additional resources **that these new challenges demand.**