

Compilation Text: 23 October 2008 (Revised 31 October 2008)

International trade as an engine for development¹

[G77 proposed opening paragraph: “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 [G77: “~~recognize~~” Insert “reaffirm our commitment to”] that international trade is inextricably linked to economic growth and development [JPN: “~~is inextricably linked to~~” Insert “is a major driving force toward the achievement of sustained economic growth and development”] and that [G77: “~~international trade is inextricably linked to economic growth and development and that~~”] a universal, rule-based [US: “~~rule-based~~” Insert “rules-based”], open, non-discriminatory and equitable multilateral trading system as well as meaningful [EU: Insert “and well-designed”] trade liberalization can substantially stimulate development worldwide [G77: “~~benefiting countries at all stages of development~~”] [EU: Insert “benefiting countries at all levels 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 [EU: Insert “and has considerable potential to expand further”]. However, a considerable number of [EU: “~~a considerable number of~~” Insert “many”] developing countries, including many [EU: “~~including many~~” Insert “in particular”] least developed countries, have remained at the margins of these developments [EU: Insert “and need to exploit more effectively the potential of trade to support their development”]. [G77: “~~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.~~”] Insert “In that regard, we also reaffirm our commitment to 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 maximizing the benefits and minimizing the costs of international trade liberalization calls for development oriented and coherent policies at all levels.”]

[G77 proposed 22bis: “We are concerned that the multilateral trade regime remains significantly unbalanced, excluding a considerable number of developing countries, particularly many LDCs, from the full benefits of trade. In that regard, we emphasize the importance of open, transparent, inclusive, democratic and orderly processes and procedures for the effective functioning of the multilateral trading system, including the decision-making process to enable developing countries to have their vital interests duly reflected in the outcome of the trade negotiations.”]

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

23. A major challenge persists. [EU: Insert “Despite significant efforts and considerable progress, ~~the~~.”] The Doha Round of multilateral trade negotiations has not [EU: Insert “yet”] been concluded, jeopardizing [EU: “~~jeopardizing~~” Insert “.This may jeopardize”] 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 [CANZ: “~~and adding to the risk of a slowdown in the global economy~~”]. We will [EU: Insert “continue to”] strive for a successful, [US: “;” Insert “and”] early and truly development-oriented [US: “~~and truly development-oriented~~”] conclusion of the Doha Round that ensures fair, [EU: “~~ensures fair,~~” Insert “will ensure comprehensive, ambitious and”] balanced and equitable market-opening commitments [EU: “~~and equitable market-opening commitments~~” Insert “results providing increased opportunities for all countries to use trade as a tool to support development.”]. [G77: “~~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.~~”] [US: Insert “To generate the kind of economic growth, development and poverty alleviation that we committed to when we launched the Doha Round in 2001, and reaffirmed in the Monterrey Consensus in 2002, major trading nations, both developed and developing, must contribute on a level commensurate with their role and participation in the global economy and make commitments that result in new trade flows, not new trade barriers.”]

[G77 proposed 23alt: “We are seriously concerned over the failure in July of the talks of the WTO Doha Round that will preclude finishing negotiations this year and consider it a 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.”]

[MEX proposed 23 bis: “We express deep concern on the recent failure to reach agreement in the WTO Doha Development Trade negotiations, in particular at a time when the global economy is in much needed injection of confidence to come out from the current crisis, and call all WTO members to show in the necessary political will and flexibility to re-engage to bring the negotiations to a successful outcome.” (Source: Windhoek Ministerial Declaration on Development Cooperation with MIC’s).]

24. We recognize the need to make progress in key areas of the Doha Development Agenda [CANZ: Insert “including those”] that are of [EU: “~~are of~~” Insert “respond to the needs and”] interest to [EU: “~~interest to~~” Insert “interests of”] [CANZ: “~~are of interest to~~” Insert “support”] developing countries [EU: Insert “, and in particular LDCs”] [CANZ: Insert “access to developed as well as developing country markets”] [US: “~~are of interest to developing countries~~” Insert “can promote sustained development”], including, inter alia, increased market access for manufactures [CANZ: “~~manufactures~~” Insert “manufactured”] and agricultural products [EU: “~~manufactures and agricultural products~~” Insert “agricultural and non-agricultural goods and services, improved trade rules and disciplines including a”], substantial [JPN: “~~substantial~~” Insert “overall”] reduction [JPN: Insert “of trade-distorting domestic support”] and elimination of [EU: Insert “trade-distorting”] [JPN: Insert “all forms of export”] subsidies, facilitating technology transfer [EU: “~~facilitating technology transfer~~” Insert “and the incorporation of precise”] [CANZ: “~~facilitating technology transfer~~”], effective [EU: Insert “and operational”] provisions for special and preferential [EU: “~~preferential~~” Insert “differential”] [JPN: “~~preferential~~” Insert “differential”] [SWZ: “~~preferential~~” Insert “differential”] treatment [US: “~~facilitating technology transfer, effective provisions for special and preferential treatment~~” Insert “and”], [CANZ: Insert “and”] opening of markets to services from developing countries, and affording sufficient policy space [G77: “~~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 preferential treatment, opening of markets to services from developing countries, and affording sufficient policy space.”~~ Insert “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.” [EU: ~~“opening of markets to services from developing countries, and affording sufficient policy space”~~] [CANZ: ~~“and affording sufficient policy space”~~ Insert “.We recognize, as well, that developing countries can also gain by opening their own markets through lower import costs, greater consumer choice, and more efficient participation in international trade.”] [JPN: ~~“and affording sufficient policy space”~~] [US: ~~“from developing countries, and affording sufficient policy space”~~]

[G77 proposed 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. [G77: Insert “We acknowledge that the economic, financial and trade system requires a profound restructuring that must take place immediately in order to be able to address the current crises. In this regard, ~~We~~we.”] [US: Insert “We recognize that trade liberalization, combined with pro-market development domestic reforms, enhances the growth potential of developing countries”] We acknowledge that the optimum pace and sequence of [EU: Insert “trade”] liberalization [G77: Insert “by developing countries”] depends on the specific circumstances of each country, and that its [US: ~~“its”~~ **each country will make this decision based on its own evaluation of the**] costs and benefits must be weighed carefully in each case [US: ~~“must be weighed carefully in each case”~~]. It must [US: ~~“It must”~~ Insert “Liberalization can”] be complemented by [G77: Insert “support for”] [EU: Insert “appropriate action and strategies at the national level for the”] expansion of productive capacities, the development of human resources and basic infrastructure, access to [EU: ~~“access to”~~ Insert “absorption of”] [US: ~~“access to”~~ Insert “application of appropriate”] technology and [EU: Insert “implementation of”] adequate [SWZ: Insert “social”] safety nets. A positive impact of liberalization on development also depends to a large extent on appropriate actions [G77: Insert “by developed countries”] [EU: ~~“appropriate actions”~~ Insert “an enabling international trade environment for both North-South and South-South trade”], including predictable access to markets, eliminating abuse of anti-dumping measures, reduction of tariffs and non-tariff barriers, and avoidance of [SWZ: Insert “other”] measures [G77: Insert “~~and avoidance of measures”~~ Insert “and measures”] that distort [EU: ~~“distort”~~ Insert “restrict”] [IMF feels ‘distort’ may be a more appropriate word than ‘restrict’] trade [G77: Insert “~~in particular subsidies”~~]. [US: ~~“A positive impact of liberalization on development also depends to a large extent on appropriate actions, 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.”~~]

26. We recognize that least developed countries will [EU: ~~“will”~~] require special measures and international support to allow for a more gradual and effective [EU: Insert “integration into and”] adjustment to an open and competitive global economy. International financial [EU: Insert “and development”] institutions, including regional development banks, should provide them with all possible assistance in this regard. [EU: Insert “We welcome the decision reached by WTO Members in December 2005 on improved market access for LDCs and the actions taken by individual countries since Monterrey to implement the objective of duty-free and quota-free access to all products from LDCs.”] We renew the call to developed countries and other countries in a position to do so [EU: ~~“and other countries in a position to do so”~~] to provide duty-free and quota-free [JPN: Insert “market”] access to all [JPN: ~~“to all”~~ Insert “for”] products [JPN: Insert “originating”] from least developed countries [EU: ~~“duty-free and quota-free access to all products from least developed countries”~~ Insert “all LDCs with duty-free and quota-free access if they have not yet done so and encourage developing

countries and countries with economies in transition in a position to do so also to contribute to this objective in a meaningful way.”] [JPN:Insert “,as agreed at the WTO Hong Kong Ministerial Conference”]. We will also redouble [EU: “redouble” Insert “reinforce”] efforts [JPN: “redouble efforts” Insert “continue to”] to provide technical assistance [EU: Insert “and other aid for trade”] to low-income developing [EU: “low-income developing” Insert “least developed”] [CANZ:“low-income developing” Insert “least developed”]countries that request it, in order to enable them to participate [EU: “more”] effectively in the multilateral trade [EU: “trade” Insert “trading”] system, including through the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries and by providing support to allow least developed countries to participate effectively in international trade negotiations. [G77: “~~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, including through the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries and by providing support to allow least developed countries to participate effectively in international trade negotiations.~~”][US: “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, including through the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries and by providing support to allow least developed countries to participate effectively in international trade negotiations.”]

[G77 proposed 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.”]

[G77 proposed 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.”]

[G77 proposed 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.”]

[G77 proposed 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 [US: “~~a vital~~” Insert “an important”] component of the [US: “~~the~~”] measures required for [EU: Insert “a larger number of”] [US: “~~required for~~” Insert “that can help”] developing countries to effectively [EU: “~~effectively~~”] benefit from [EU: Insert “from expanded opportunities for trade, including as a result of”] the Doha Round [EU: Insert “, regional trade agreements and preferential agreements, including those undertaken on a South-South basis”] [US “~~to effectively benefit from the Doha Round~~” Insert “to take advantage of the opportunities offered by the international trading system”]. [CANZ:“~~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.~~” Insert “Aid for trade is vital if developing countries are to effectively benefit fully from opportunities provided by globalization and trade liberalization, including through the Doha Round.”] Aid for Trade is [EU: Insert “a complement and”] [CANZ:Insert “recognized as including support for: trade policy and regulations; trade development; trade-related infrastructure; building productive capacity and trade-related adjustment. However, Aid for Trade is”] not a substitute for a successful outcome of the Doha Development Agenda[EU: Insert “or any other trade negotiation”] [CANZ: “~~of the Doha Development Agenda~~” Insert “from the Doha Round”]. [US: Insert “Aid for Trade is a shared effort between donor and recipient countries. Success will require recipient countries to prioritize trade in their development programs.”]We will strive to substantially enhance [CANZ: “~~substantially enhance~~” Insert “make”] 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 [EU:Insert “trade capacity and international”] competitiveness and [EU: “~~and~~”Insert “while ensuring”] ownership while aligning it [EU: “~~while aligning it~~” Insert “and”] with the respective [EU: “~~the respective~~”] national development strategy[EU: “~~strategy~~” Insert “strategies of individual developing countries”] [CANZ: “~~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~~” Insert “better harmonized with national development strategies and more developmentally effective to support the efforts of recipient countries to take advantage of new trade opportunities in the global trading system and assist them in benefiting more fully from trade liberalization”] [JPN:Insert “,especially in the areas of supply-side capacity building, trade-related infrastructure, and establishment of market channels for the products”]. The commitments by individual donors relating to Aid for Trade should be fully implemented[EU: Insert “,while recipient countries should ensure that their Aid for Trade needs and priorities are fully integrated into their national development strategies and effectively communicated to donors”]. [US: “~~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.~~”] [G77: “~~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.~~”]

[G77 proposed 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. [EU: Insert “We welcome the increasingly broader...”] Broader and effective participation of [EU: “developing”] countries in the international trade regime [EU: “international trade regime” Insert “multilateral trading system and in the WTO DDA negotiations”] is a key objective of the Monterrey Consensus [EU: “is a key objective of the Monterrey Consensus”]. [US: Insert “We welcome progress in this area since Monterrey, as evidenced by the countries that have acceded to the WTO, the countries that have newly engaged in WTO accession and the countries that have made progress toward WTO accession over the past six years.”] We will endeavour [EU: “endeavour” Insert “continue to work”] to facilitate the accession [EU: Insert “to WTO”] of developing countries [EU: Insert “, in particular LDCs,”] and countries with economies in transition that apply for membership in the World Trade Organization [EU: “that apply for membership in the World Trade Organization.”] [RUS: Insert “and to remove all the impediments beyond the WTO commitments for the countries acceding to the WTO”]. [US: “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.”] [G77: “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.”]

[G77 proposed 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 [G77: “integration as well as” Insert “and”] bilateral [EU: “as well as bilateral” Insert “and regional”] trade agreements can be [EU: “can be” Insert “are also”] important instruments to expand trade [EU: Insert “and investment and”] [JPN: Insert “and investment”]. We should ensure that these [ROK: Insert “regional integration and trade”] agreements [G77: Insert “are people-centered,”] [EU: “We should ensure that these agreements”] promote long-term [EU: Insert “sustainable”] development and become [EU: “and become” Insert “. To this end, regional trade agreements should become”] “building blocks” [US: “become building blocks” Insert “advance the goals of the WTO”] [SWZ: “building blocks” Insert “complementary elements”] in the multilateral trading system [EU: Insert “consistent with relevant WTO rules”]. International support [G77: Insert “through triangular cooperation”] to [ROK: “International support to” Insert “Expanding”] South-South [US: Insert “and North-South”] cooperation in trade and other [G77: “and other” Insert “related”] [EU: “other” Insert “trade-related”] areas can be catalytic in strengthening and consolidating regional and subregional integration [G77: “integration” Insert “trading arrangements”]. We will seek to [ROK: Insert “further”] enhance that support [ROK: “that support” Insert “such cooperation”], including through triangular cooperation. [G77: “We will seek to enhance that support, including through triangular cooperation.”] [SWZ: “International support to South-South cooperation in trade and other areas can be catalytic in strengthening and consolidating regional and

~~subregional integration. We will seek to enhance that support, including through triangular cooperation.”~~ Insert “International support can helpfully complement efforts of developing states to strengthen and consolidate South-South trade and regional and sub-regional integration. We will seek to enhance South-South trade.”]

[G77 proposed 29bis: “We stress the importance of increased support to South-South cooperation initiatives in trade related areas, including through triangular cooperation.”]

[MEX proposed 29 bis: “The new opportunities for trade, investment and economic cooperation among developing countries need to be fully exploited, and this tendency should be encouraged and benefits extended to all regions. It should complement North–South trade and economic cooperation for development. There is considerable potential for trade and investment among countries with economies in transition and developing countries.” (Source: UNCTAD XII P52)]

30. We welcome [CANZ: “~~welcome~~” Insert “note”]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 [JPN: “~~as an institution with universal membership and a mandate to serve~~”] as the focal point of the United Nations [RUS: Insert “and as the consensus building platform”] for the integrated treatment of trade and development and the interrelated issues of finance, investment, technology and sustainable development [EU: “~~and the interrelated issues of finance, investment, technology and sustainable development~~”]. [US: “~~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.~~”]

[G77 proposed 30 bis: “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”]