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THE SECRETARY-GENERAL

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**REMARKS TO THE 12th UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT
“WE CAN DO THIS”
Accra, 20 April 2008**

It is with great pleasure—and at the same time great concern—that I open this Twelfth United Nations Conference on Trade and Development.

We have much to celebrate. This UNCTAD conference could not have come at a more crucial time. We are living through one of the most extraordinary economic transformations in history. Between 1990 and 2007, the global economy grew from \$23 trillion to \$53 trillion. Trade increased by 133 percent. Developing nations have generated more than half this growth. They now account for nearly 40 percent of world trade—half of it among themselves. Once-poor countries have become engines of growth for others, lifting hundreds of millions of people out of poverty.

Trade and globalization drive this virtuous cycle. Given the forces reshaping our world—the rise of Asia, to name but one—it will most likely continue, if not accelerate. And yet, we face a development emergency.

The reason is simple: the rising economic tide has not lifted all boats. Yes, the poor in 142 of the world’s nations are being pulled into the growing global economy. But those of the other 50, the poorest of the world’s poor, are not. The global boom has passed them by. Their strategies for development have failed. So have ours.

We cannot leave the “bottom billion” to flounder. We cannot neglect their real and pressing needs. We need fresh thinking, fresh approaches. It is fitting that we have gathered here, in Accra. Nowhere is the global challenge of economic disenfranchisement more acute than in Africa.

The crisis of development takes many shapes. Let me discuss three, all very much in the news.

First, the sky-rocketing price of food. You are all familiar with the frightening dimension of the problem. According to the World Food Programme, the price of essential agricultural staples—wheat, corn and other cereals—has gone up by more than half over the last six months. Rice sets new records almost daily. One Asian nation recently sought to buy from a neighbour. Instead of the expected price of \$400, per metric ton, the quote was \$500. By the time the would-

be purchasers came back with authorization from their government, the price had increased to \$750—if supplies were available at all.

Scarcely a day passes without some new manifestation. We have seen food protests from Egypt to Haiti to Côte d'Ivoire and Burkina Faso. Some nations have barred the export of rice or wheat; others have moved to create financial incentives for importing additional supplies. This threatens to distort international trade and exacerbate shortages.

If not handled properly, this crisis could trigger a cascade of other multiple crises – becoming a multidimensional problem affecting economic growth, social progress, and even political security around the world.

The reasons for the crisis are many and cannot be solely ascribed, as some do, to a simple trade-off between biofuels and agriculture. High oil prices have increased production and transport costs. Worldwide food production has been affected this year by droughts and other natural disasters. Economic growth has increased consumption, especially in Asia. Financial speculation and the prolonged fall of the U.S. dollar may also be factors.

One thing is certain: for the past three years, the world has consumed more food than it produces. Grain stocks are at their lowest in 30 years. The situation is unsustainable.

We must take steps, now, to assure the world's food security. The first must be to meet immediate humanitarian needs. This year, WFP plans to feed 73 million people in 80 countries around the world. But to do so it requires an additional \$755 million merely to cover the rising costs of existing programmes. As new demands roll in, the agency expects to ration supplies in many theatres of operation.

That is why, long-term, we must increase agricultural production. In this, we can be optimistic. There is no reason why Africa can't experience a "green revolution," most experts agree, and substantially increase food production. Malawi has already done so. Simply improving market efficiency can have a huge effect. Roughly a third of the world's food shortages, according to the WFP, are the result of bottlenecks in local markets and distribution systems.

It might be tempting to see the solution within the problem. When prices go up, the thinking goes, supply will too. But we live in the real world, not the world of Economics theory. In Kenya, Mali, Laos and Ethiopia—to name but a few of the poorest and most vulnerable countries—farmers are cutting back their planting for next year, in some cases by two-thirds or more. The reason: the rising price of fertilizer, reflecting high oil prices. Many of the world's small farmers can not afford to invest in their future, even for that most basic and essential of all commodities: food.

All these issues must be studied, comprehensively. But we cannot delay. The international community must take urgent action to avert larger political and security consequences. I welcome the fact that the World Bank plans to increase agricultural lending in Africa from \$400 million to \$800 million in 2009—the first step toward what it calls a "new

deal” for global food policy. I welcome as a first step the United States for its offer of \$200 million in emergency food aid, as well as the decision by G8 leaders to take up the issues at the upcoming G8 summit in Japan.

The United Nations must take a lead in coordinating a global response, working with the World Bank and the IMF. UN agencies such as the Food and Agriculture Organization, the International Fund for Agricultural Development and the UNDP are at the forefront, along with WFP, UNICEF and other UN humanitarian agencies. The president of the UN Economic and Social Council (ECOSOC) will convene a special session on the crisis in mid-May. In early June, in Rome, the FAO will hold a high-level meeting to discuss strategies and funding requirements. I will invest the full force of my office to galvanize international action, starting right now.

In this regard, I will immediately establish a high-powered Task Force, comprised of eminent experts and leading policy authorities to address this issue. We hear the call of the least developed countries to deal with market failures and stabilize world food prices. The Task Force must also deal with the longer term security issues of agricultural productivity, land utilization, financing mechanisms and all other elements of the current crisis. I urge the leaders of the international community to sit down together and give this matter their fullest attention as soon as possible.

Make no mistake: the problem is serious. But let us not be necessarily alarmed. We have a great tool-box. We know what to do. We can muster the resources and the political will. We should consider this not only a short-term problem but a long-term opportunity.

It is a huge chance to address the root problems of many of the world’s poorest people, 70 percent of whom live as small farmers. If we help them—if we offer aid and the right mix of sound local and international policies—the solution will come. And along the way we will have struck a mighty blow for social equity and development.

Excellencies, Ladies and gentlemen:

Very briefly, two other aspects of the global development emergency should concern us: the Millennium Development Goals and climate change.

You know that we are at the midpoint of our campaign to alleviate global poverty. Though we have made significant progress, most countries are well behind in meeting our targets, especially in Africa. That is why I launched the Africa MDG Steering Group, and why this September I will convene a high-level meeting on the MDGs on the margins of the General Assembly. Unless we rethink our strategies—unless we go beyond the stale rhetoric of “redoubling” our efforts—we will betray our promises to millions of our world’s poor. As Robert Zoellick of the World Bank warned last week, the run-up in global food prices could mean “seven lost years” in our work on the Millennium Development Goals. We risk being set back to square one, in other words.

We also know how large a factor climate change has become. Drought threatens crops and watersheds in sub-Saharan Africa. Extremes of weather do the same in Asia. Such threats weigh most heavily on the world's poorest people, who are least equipped to adapt.

All three of these issues will be central to our work in the coming years, and I count on you—the delegates to UNCTAD XII—to make a key contribution on the trade and development policies that are so vital to success.

Clearly, we need a successful conclusion to the Doha Round. At a minimum, that would mean opening new and significant markets for agricultural and non-agricultural exports and services from low-income developing countries. It is time for wealthier nations to rethink old-fashioned programmes of agricultural subsidies. Economists agree that they inhibit trade and disproportionately penalize poorer nations, contributing to the current emergency. If we cannot scrap these relics today, in an era of high prices, then when can we?

We need to help the poorest of countries take advantage of these new opportunities by channelling aid and development assistance toward projects that boost local industry and production capacity, from roads to schools to health systems. Aid-for-Trade initiatives can be a powerful multiplier.

And we should give attention to helping resource-rich developing nations to share more fully in the global commodities boom. To assist such countries manage their resources better, some economists suggest that we establish a global standard for tax and royalty regulations, for example, or help governments channel revenues from commodity industries into more sustainable, long-term sources of economic growth. A global commodity agenda for development could become a stepping stone for progress toward the MDGs.

Conflict and political instability are major obstacles to economic development. So is the absence of effective governance. We must take measures to improve our assistance to countries emerging from conflict. We need to speed the transition from peace-keeping to peace-building—the main reason I will visit Côte d'Ivoire and Liberia. A rapid improvement in post-conflict living standards can help prevent a relapse into hostilities. Our efforts in the Peace-Building Commission must therefore better take into account the important potential of trade and development policies in advancing social and economic recovery.

Mr. President, Distinguished Heads of States, Ladies and Gentlemen, Excellencies,

We are here at a time of growing economic uncertainty. It goes well beyond rising food and oil prices and troubled financial markets. Though global growth is likely to remain robust, some regions may be poised for a slow-down. This conference provides a timely opportunity to consider the policies needed to protect the poorest countries and communities.

Remember: the forces that spread prosperity so widely in recent decades are the same forces that will carry us into the future—trade and economic development. I recognize that many nations face complex choices. The first job of any government, of course, is to feed its own people. That said, we must resist the impulse toward protectionism. International grain markets

MUST remain open and functioning normally. Beggar Thy Neighbor food wars cannot, in the long run, help anyone.

Ultimately, our task is to ensure that the virtuous cycle goes on and its benefits extend as broadly as possible—most especially to those who have so far missed out. More trade, not less, will get us out of the hole we're in.

UNCTAD is perhaps our best hope for working together in global partnership for development. Let us agree that the benefits of globalization can—and should—be shared more equitably. And let us agree that no one should be left behind.

Thank you very much.