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Statement by

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On behalf of the European Union

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Mr. Chairman, Excellencies, Distinguished Delegates,

It is a great honor for Slovenia to address this Conference on behalf of the European Union.

At the outset, allow me to express our sincere gratitude to Ghana for organization of this conference and to the people of Accra for their warm hospitality.

It is both significant and appropriate that this Conference is being convened in Africa, reminding us of the need to expedite efforts towards achievement of development targets, including the Millennium Development Goals. The EU is working with the African countries in a partnership solidified by the recently adopted Joint EU-Africa Strategy to help make globalization work for the continent and its citizens.

UNCTAD XII has a dual purpose. It is first an opportunity for dialogue and reflection on the key issues of trade, globalization and development in the context of a changing geography of the world economy. As it takes place at a decisive juncture in the Doha round of multilateral trade negotiations, it should send a positive message in support of an expedient agreement on an ambitious and balanced and comprehensive outcome which will make a crucial contribution to development as well as to strengthening multilateralism.

At the same time, the Conference has the important task of setting a work programme for UNCTAD for the following four years that will



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allow the organization to put its resources and comparative strengths to the best use.

On both these accounts, the EU is fully committed to a successful result and will engage constructively, bearing in mind that the EU is the main trading partner of developing countries as well as the largest donor of development assistance.

UNCTAD XII has to produce a balanced outcome with regard to the analysis of the different perspectives on globalization and on the role of market forces and governments. In linking the analysis to policy responses, it should reaffirm the understanding that each country has the primary responsibility for its own economic and social development while the international community should play a supportive role. With regard to UNCTAD contribution, we should identify areas of emphasis where UNCTAD can add the most value, helping developing countries to make trade and investment engines of sustainable development.

In this context and reflecting the present challenges, the European Union considers the following three areas to be priorities for the work of UNCTAD in the coming four years: promoting South-South trade and regional integration; commodities and trade in natural resources; and investment and competition. In all these areas and keeping in mind the needs of other developing regions as well as countries with economies in transition, emphasis must be put on LDCs and other poor and vulnerable countries, particularly those in Africa. UNCTAD work should aim at sustainable development and poverty eradication in the context of the Millennium Development



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Goals while integrating and endorsing the principles of good governance, rule of law, respect for democratic institutions, human rights, gender equality and economic empowerment of women.

The new dynamics of globalization and the rise of emerging economies offer tremendous growth potential for developing countries through South-South trade which, however, remains hampered by significant trade barriers that still exist among developing countries. In this regard, it will be particularly important that not only developed countries but also developing countries in a position to do so grant duty-free and quota-free market access to LDCs, as agreed at the Sixth WTO Ministerial Conference in Hong Kong. UNCTAD should continue to advocate the case for South-South trade and the ways to increase it.

Regional integration amongst developing countries can help overcome the limitations of small economic size, enable economies of scale, lock in domestic reform, enhance efficiency and increase attractiveness for investment while at the same time promoting peace and stability. The benefits can be particularly large when it extends beyond tariff reduction. The Economic Partnership Agreements negotiated between the EU and the ACP countries are therefore designed to foster such deeper regional integration and the creation of regional markets which also serve as a precursor to global trading. Effective implementation of regional integration among developing countries has so far often lagged political commitment. UNCTAD should thus attach priority to supporting these efforts and in this context stress the need for trade policy to



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be fully integrated into a sound domestic policy framework and national development strategy.

Coming to commodities, the world is currently experiencing a rapid and destabilizing rise in commodity and food prices. This boom has had challenging effects on developing countries but it also provides an opportunity for commodity-producing countries to equip themselves to better handle future price fluctuations and continued competition. UNCTAD should, in cooperation and coherence with other international actors in this field as well as the private sector, assist them in channeling windfall revenues into efforts not only to improve the competitiveness of their traditional commodity sectors but also to diversify their production structures. It should also help them implement innovative cross-cutting commodity related initiatives and introduce risk management instruments. The EU notes with appreciation that UNCTAD has recently begun looking at issues of transparency and accountability as well as at effective regulatory frameworks of developing countries with respect to investment in natural resources. As part of its efforts to work with producing countries to reduce commodity dependence, UNCTAD is encouraged to promote revenue transparency and responsible natural resource management. This should include support for initiatives such as the Extractive Industries Transparency Initiative.

The Conference should also provide guidance on how UNCTAD trade related technical assistance can best contribute to the Aid for Trade agenda on which the EU, for its part, is committed to moving forward. We intend to implement the EU Aid for Trade Strategy



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adopted last October in its own right, independently of the outcome of the DDA or any other trade negotiations.

Sustainable FDI is crucial to development and economic and social growth. Attracting and benefiting from FDI requires an enabling environment primarily provided through domestic reform, but their effectiveness can be enhanced by international rules ensuring that the regulatory framework remains stable, transparent and non-discriminatory. The work of UNCTAD on investment should assist those less advanced developing countries that have so far reaped only inadequate benefits from FDI. It should keep a clear focus on sustainable development, as well as on promoting good governance and a supportive investment climate as part of national development strategies. The EU encourages UNCTAD to continue, in partnership with the OECD, to engage industrialized countries, emerging economies and developing countries in the development of best practices for creating an institutional environment conducive to increased foreign investment and sustainable development.

The EU appreciates the evolving content of the annual UNCTAD World Investment Report. We see the UNCTAD Investment Policy Reviews as a particularly valuable mechanism.

UNCTAD is well-placed to promote a pro-development approach to investment. Development-friendly investment rules are needed that guarantee social and ecological standards as well as core labour rights. Such rules should also foster transparency by clarifying the regulatory framework, including in taxation, and focus on long-term investment generating stable employment and growth.



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In parallel with the growing complexity of the international system of investment rules, competition provisions are increasingly being added to bilateral and regional preferential trade agreements. The EU supports the work UNCTAD has done in this field, promoting the use of competition law and policy as tools for achieving domestic and international competitiveness and would like to see its role as a forum for discussion of competition issues on the multilateral level confirmed at and beyond UNCTAD XII. UNCTAD should also continue its advocacy role and to provide competition authorities in developing countries with technical assistance and capacity-building.

With respect to the emerging issues such as climate change, energy and migration, the EU fully acknowledges their importance for developed and developing countries alike and is fully committed to addressing them comprehensively in the appropriate fora. In as much as these phenomena are multidimensional in their character, UNCTAD may have a role. However, its contribution can only be within its existing trade and development mandate and must be considered in the broader context of prioritization.

Finally, a concerted effort is required to revitalize UNCTAD and enhance its institutional effectiveness. This way, it will be able to achieve greater development impact with the available resources. While remaining accountable to all its member States, it will be equipped to deliver in a concrete manner on the objective of helping developing countries integrate successfully into the global economy. In this regard, all three pillars of UNCTAD require consideration.



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Specific reform measures have to be decided on to facilitate progression towards a results-based organization that will be recognized as the privileged international partner on trade and development.

UNCTAD should participate fully in the UN reform processes, particularly those concerning system-wide coherence and management. In addition, there is a need for a bold embrace of internal change in programmatic terms and in terms of approach. We appreciate the initiatives undertaken by the Secretary-General and the significant contribution delivered in this regard by the Eminent Persons in their report on "Enhancing the Development Role and Impact of UNCTAD". The agreement reached on the recommendations contained in this report has provided a solid basis for the Conference to build upon.

The EU considers that the following main elements are essential to the objective of building trust and put the strengths of UNCTAD to better use, and should thus be captured in the Conference text. Above all, we need to institutionalize an improved process of defining priorities, specific objectives and expected deliverables for the work of UNCTAD as well as of follow-up and evaluation based on relevant performance measures that will involve member States on an on-going basis. All three pillars must be thematically aligned and interact with an overall orientation towards practical and pragmatic development solutions.

In terms of research and analysis, mechanism to ensure high-quality, coherence and relevance to priorities and objectives should



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be strengthened. Research and analysis should underpin but also draw on intergovernmental discussions.

The functions of the bodies within the intergovernmental machinery must be more clearly distinguished and the links between the different levels reinforced. It is essential that the intergovernmental deliberations are well prepared, in close cooperation between the secretariat and member States, and that working methods are adapted so that the time allocated to meetings can be used efficiently. Flexibility should be pursued with respect to the agendas and the most appropriate type of outcome. In case of agreed conclusions, these should be concise and consensus-based. Expert meetings should be organized around a multi-year programme of work.

The recent consolidation of technical cooperation activities into thematic clusters is a welcome step. Efforts to improve their management, evaluation and reporting on this basis must continue. It is also necessary that the secretariat should interact with potential beneficiaries and donors in a more structured way and continue to seek opportunities for funding by other international organization in the context of joint operations, particularly at the country level.

We urge UNCTAD to pursue a clear division of labour with other international organizations within and outside the UN system while cooperating with them where there is scope for complementarity, synergies and greater efficiency. It should, moreover, deepen its



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partnership with non-state actors, including the private sector, think tanks, academia and civil society organizations.

It is important that the Conference completes the work of setting guidelines for institutional change. At the same time, it must go further and galvanize commitment for effective implementation by all stakeholders in letter and in spirit as this will eventually determine our success in strengthening the organization.

The outcome document should be a truly consensual one reflecting the concerns of the entire membership. Only on such a basis can we expect a continued and strengthened involvement of all member States and delegations, including developed countries, in the work of the organization and thus a real partnership can develop around its work.

We all need to work hard and constructively over the next days towards this goal.

Thank you.