

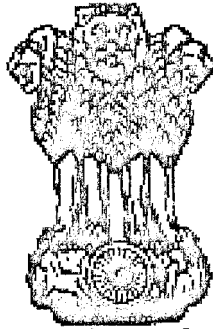
STATEMENT BY INDIA

MADE 15 JUNE 2004

**AT THE UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT**

Eleventh Session

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STATEMENT BY

H. E. MR. KAMAL NATH
COMMERCE & INDUSTRY MINISTER OF INDIA

AT THE PLENARY OF UNCTAD XI
MINISTERIAL CONFERENCE

JUNE 15, 2004
SAO PAULO, BRAZIL

It gives me great pleasure to be back in Brazil. I have cherished memories of my participation in the Earth Summit at Rio in 1992. I also warmly recall my association with Mr. Rubens Ricupero, Secretary General of UNCTAD, in our earlier capacities as Environment Ministers of our respective countries. I am delighted to renew this relationship in the current context. I also warmly thank the Government and people of Brazil for hosting this Conference.

UNCTAD XI is taking place at an interesting juncture whose significance far transcends that of a periodic Ministerial Conference. UNCTAD is the most visible symbol of the international community's assurance to promote equitable social and economic advancement. UNCTAD therefore remains critically relevant in a changing world economic situation. The process of globalisation and liberalization does not automatically enable the international community to address the central problems of development. The truth is that developing countries continue to face an external environment in which the debt crisis remains unresolved, resource flows are contracting with declining ODA, commodity prices deteriorating, and new protectionist measures being introduced which have the effect of limiting market access.

It is in this context, that the central theme of this conference: "enhancing coherence between national developmental strategies and the global economic process towards economic growth and development, particularly of developing countries", is of fundamental relevance. We interpret this to imply a coherence which is multi-dimensional. Coherence does not mean subjugation of national priorities or curtailment of national interests. It does not mean a shrinking of national policy space. Rather, what is needed is a coherent development strategy that takes into account the key concerns of developing countries, and at the same time builds on their potential in economic relations, involving trade, investment and transfer of technology.

As our Prime Minister, Dr. Manmohan Singh, has made clear, India is committed to pursue economic reforms, with vigour and purpose - but with a human face. Today, trade rules affect not just simple commercial transactions in goods across borders. They have an influence on whether or not the poor go hungry, lose or retain their livelihood, have access or not to medicines or energy and other essential services. Equally, the right rules can spur poverty reduction, accelerate economic growth, promote social welfare and sustainable development. As the world's largest democracy, India wants to ensure that the multilateral trading system incorporates flexibilities to reflect and address the basic developmental concerns of our people. This requires the retention by developing countries of 'policy space' as they seek to integrate beneficially into the trading system. Countries across the globe have region specific problems; for example, forestry is a way of life for some while for others, agriculture is a way of life: to view these merely as commerce would be to blank out the human dimension. While asking countries to assume new obligations and implement existing ones, we should strive for balance between policy space and multilateral commitments, between welfare objectives and efficiency, and between the role and responsibility of the State and that of the market, in order to provide a durable basis for development.

India, like UNCTAD, gives special importance to the ideal of an open, rule based, non-discriminatory, equitable, and predictable Multilateral Trading System. India continues to remain committed to engaging constructively in the on-going negotiations in the WTO. While we have undertaken domestic reform in the trade sector in a progressive and irreversible manner, commercial and welfare gains from trade are contingent upon the non-discriminatory character of the trading environment. Yet we find some regional and sectoral arrangements which in many instances disregard the adverse implications for non-Members. Unilateral protectionist measures seriously prejudice the effectiveness of trade to distribute gains on a fair and equitable basis. These arrangements and measures

need systemic analysis and committed action on the part of the entire global community.

Apart from the tariff bias against our agricultural and industrial exports, India has been concerned about what UNCTAD has already identified as non-tariff market entry barriers. As tariff barriers have been lowered, a plethora of more discriminatory and intractable entry barriers have made effective market access for developing country exports increasingly appear a distant mirage. Complex rules of origin and concentrated market structures pose difficulties, as does the unwieldy process of litigation. Unilaterally (and often arbitrarily) set and imposed, product and environmental standards and cumbersome technical requirements block market entry, especially for developing and least developed countries. Our exports, ranging from food, textile and electronic products to services using Mode 4, face restriction and dislocation on this account. While these need to be dealt with in the WTO framework of negotiations, UNCTAD has a legitimate role in monitoring their incidence and implications, and suggesting appropriate ways of mitigating adverse impacts. This is an area in which consultative mechanisms and deeper capacity building will also help.

India, like our host Brazil, and other countries of the South are keen on forging a closer relationship, transcending distance. We wish to both profit from, and contribute to, what President Lula has called the "*the new trade geography*". This desire is propelled by optimism about the ability of developing countries to substantially increase their share and participation in international trade and act as regional and global growth nodes. I see it as an impetus to unleash the intrinsic strengths of developing countries and herald their emergence as a dynamic force in international trade.

An essential ingredient of the new trade geography relates to a rediscovery of the value of South-South cooperation. We seek to tap this 'development power' to rapidly transform South-South economic relations,

involving trade, investment and transfer of technology, to newer and higher levels. Some gains from South-South trade are already manifest. What is essential now is to stoke the intrinsic strengths and solidarity of developing countries through innovative forms of coalition building, and ensure that just as trade is sought to be integrated into national development policies, development priorities and considerations must drive these policies internationally. We are particularly pleased that UNCTAD XI will be the venue for the launch of the third round of negotiations under the \global System of Trade Preferences. This provides concrete expression of our political commitment to South-South co-operation.

For India, the dynamism of South-South economic relations is not confined to trade alone. Indian companies are being encouraged to invest abroad, particularly in developing countries. Within our means, we have been providing technical assistance and aid to a number of developing countries, India's services-related cooperation with developing countries, especially in the ICT and IT-enabled services areas is multifaceted. Indian industry and trade, many of whose prominent representatives are present here, are spearheading this outreach. We look forward to meaningful steps being taken towards consolidating and building on this positive trend through the GSTP, with a new workable approach based on mutuality of advantage and equitable sharing of benefits.

A vital aspect for the equity of the multilateral trading system is the way it accommodates the constraints of developing countries - their defensive interests, and enables them to make best use of their comparative advantages - their positive agenda, and register tangible development gains. In the case of agriculture negotiations for example, India is ready to engage constructively in proportion to the commitments made by developed countries; however, a country like India cannot but give priority to the fundamental imperatives of food security and to the livelihood and subsistence of more than 650 million rural people. At the same time, it is important that our producers and exporters do not face unfair

competition in domestic and foreign markets from subsidized and dumped produce from developed countries.

Mr. Chairman,

My delegation is of the view - the hope, the belief - that this conference must have a policy-oriented outcome, with development as the rallying point. It must reflect the mainstreaming of development into international trade. Only then will the outcome be of lasting value. My delegation pledges to work towards this, for the success of this Conference and the continued vitality of UNCTAD, as it turns 40, along with its twin, the Group of 77.

Thank you.