

**STATEMENT OF H.E. MARY WHELAN**

**PRESIDENT OF THE TRADE &**

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**TO**

**ECOSOC HIGH LEVEL MEETING**

**18 APRIL 2005**

**Coherence, coordination and cooperation in the context of the  
implementation of the Monterrey Consensus; Achieving the  
internationally agreed development goals, including those contained in  
the Millennium Declaration**

- Two years ago – in 2003 – I participated as a panellist in the High Level ECOSOC meeting representing the General Council of WTO. Today I am privileged to be here as President of the Trade and Development Board of UNCTAD.
- This is particularly welcome as at UNCTAD XI Ministers agreed that *the invitation for the President of the Trade and Development Board to participate in the High-level Meeting of ECOSOC with the Bretton Woods institutions and the WTO is important and should be institutionalized.*
- I will discuss to-day:
  - UNCTAD and MDGs topics
  - Trade and poverty reduction especially in the LDCs
  - South-South co-operation
- The acting Secretary General of UNCTAD, Carlos Fortin, recently summed up UNCTAD's raison d'être as being to *maximize the contribution of trade to development.* UNCTAD discharges this role through consensus building, research and policy analysis and

technical assistance and capacity building. In all aspects of its work special attention is paid to the MDGs. Its work on trade and development indicators and benchmarks might possibly complement systematic monitoring of progress towards achieving the MDGs.

- At UNCTAD XI UN Member States adopted the Sao Paulo Consensus which addressed amongst other issues – Development Strategies in a Globalizing World Economy, Building Productive Capacities and International Competitiveness, and Assuring Development Gains from the international trading system and trade negotiations. These themes are very similar to those which you have chosen for your Round Table discussions to-day. Concepts and ideas floated in the preparatory process were often controversial and some remain so, but no one can doubt that phrases such as ‘policy space’ and a ‘new geography of world trade’ have now entered the lexicon of international discourse on development issues.
- UNCTAD has estimated that developing countries could gain up to \$300 billion annually from trade liberalisation in agriculture, manufactures and services. This may be an optimistic assessment but it compliments assessments by other institutions in that it forecasts that the major gains from the DDA are likely to accrue to developing countries. Amongst developing countries the major gains are likely to accrue to those enjoying a competitively advantageous position. Over the past 40 years the participation of developing countries in total world exports of merchandise and services has increased. However this increase is centred on certain

regions most notably South and East Asia and in Central America and parts of South America.

- The Central issue is how to ensure that some developing countries such as the LDCs, and requires are not left behind?
- The Secretary General's note produced for this meeting draws attention to regional trade disparities. It notes, for example, that Africa's share of world merchandise exports fell from 6.3% in 1980 to 2.5% in 2000 in value terms. It further notes that since most African countries depend on two to three main primary commodity exports for most of their foreign exchange earnings their external performance and external indebtedness is directly influenced by short-term instability of primary commodity prices. This issue has not received sufficient attention in recent years.
- For the trading system to compliment efforts to meet the MDGs it must be underpinned by a development solidarity. Trade must be an instrument to accelerate growth, development and fight poverty. There is a need to ensure that policies and measures in trade and trade-related areas are considered in a coherent manner.
- Goal 8 of the MDGs includes a commitment to an open, equitable, predictable and rule-based multilateral trading system. This will require a continued focus on beneficial integration of development considerations into the principles and workings of the multilateral trading system and more significantly on their full participation in negotiations that define trade rights and obligations.

- In relation to the ongoing trade negotiations we all know what needs to be done. Furthermore I believe that the political will is there to achieve an outcome which meets the promises made in Doha in 2001.
- However, a successful conclusion to the DDA, hopefully in 2006, is only the beginning of a process.
- To realise the potential from a successful conclusion to the Multilateral Trade negotiations all groups of developing countries and all regions must be in a position to exploit increased trading opportunities. This will require efficient physical infrastructure; effective institutional arrangements and administrative procedures; the development of human resources; access to financing; an investment and business-friendly environment and appropriate domestic policies and regulatory framework.
- Here I would like to turn to the 1% of world trade which represents the engagement of LDCs in the international trading system. LDC's share in world **exports** has remained at **less** than 1% of world trade since the 1980s. On the basis of current trends the number of people living in extreme poverty in these countries could increase from 334 million in 2000 to 471 million in 2015.
- The 2004 LDC report, produced by UNCTAD, focussed on the linkage between trade expansion and poverty reduction and showed that the links between the two are neither simple nor automatic not least because while the national economies of most LDCs are highly

integrated with the rest of the world through trade, the lives and livelihoods of most people in most LDCs are not directly linked to the international economy. So while trade can play a powerful role in poverty reduction in LDCs, in practice the positive role of trade in poverty reduction is being realized in very few LDCs.

- The challenge is to focus on greater coherence between national development strategies which integrate trade objectives as a central component, with improvements in the international trade regime including issues which go beyond the scope of the WTO, and increased and effective international financial and technical assistance for developing production and trade capacities. What is required is not just export expansion but also the development of linkages between export growth and the rest of the economy.
- We are all aware that international trade cannot work to reduce poverty in LDCs where the level and efforts of investment are not adequate to support sustained economy growth.
- The basic conditions for ensuring a better trade-poverty relationship in the LDCs are :
  - The emergence of a domestic entrepreneur class oriented towards productive activities;
  - Increased and effective international and financial support and technical assistance to build production and trade capacities
  - A durable exit from the debt problem

- To-day over 40% of developing country exports are destined for other developing countries and this trade is increasing at 11% pa – nearly twice the growth rate of total world exports. This is complimented in the investment area where South-South international investment is growing faster than investment from developed to developing countries. In the commodity sector already nearly 50% of non-fuel commodity exports from developing countries go to other developed countries. This presents an opportunity to change the traditional approach of examining the commodity problematique from a \_\_\_\_\_ in which developing countries are viewed only as producers.
- The long-term is for the share of developing countries in world trade and investment to increase and within that process for the South-South share to continue to rise. However two thirds of South-South trade takes place in Asia. Elsewhere more traditional North South trading patterns have been harder to shift although impetus has been given to regional integration processes in other regions also. The danger exists that here too LDCs may become marginalized. I would note that the deficit in LDC trade with other developing countries increased from \$5.5 billion in 1990 to \$15.6 billion in 2002.

## **Finally**

- What can UNCTAD do to further the realization of the MDGs?

- As I indicated earlier maximizing the contribution of trade to development has been the *raison d'être* of UNCTAD. UNCTAD has integrated into its work programmes and its deliberations the key trade and development aspects of the MDGs.
- UNCTAD, at both the intergovernmental and organisational levels, will continue to be seized with the contribution of trade to the timely realization of the MDGs.
- To fully reap development gains from the trading system, trade issues must be addressed together with other related issues within a broader context of development. In that regard, international systemic coherence assumes particular importance. To facilitate such coherence the Trade and Development Board UNCTAD will continue contribute to a broad development agenda of trade, finance and global economic co-operation.