Excellency,

A summary of the Financing for Development review sessions on Chapter III of the Monterrey Consensus, “Trade as an engine for development” on 19-20 May is now available on the President’s website. An e-mail will also be sent to your mission with an electronic version; in addition hard copies of the summary will be available for collection from General Assembly Affairs room S-2925.

Please accept, Excellency, the assurances of my highest consideration.


Srgjan Kerim

All Permanent Representatives and
Permanent Observers to the United Nations
New York
I. Introduction

1. The informal G.A. review session on Chapter III of the Monterrey Consensus, held on 19 and 20 (morning) May 2008, was chaired by H.E. Ambassador Maged A. Abdelaziz of Egypt and H.E. Ambassador Johan L. Løvald of Norway. The meeting consisted of an initial panel discussion followed by an interactive dialogue amongst all stakeholders. The panel presentations were made by Ms. Lakshmi Puri, Acting Deputy Secretary-General and Director, Division on International Trade in Goods and Services, and Commodities, UNCTAD; Mr. Martin Khor, Director, Third World Network; Mr. Kym Anderson, George Gollin Professor of Economics, University of Adelaide, Australia; Mr. Peter Thompson, Director for Trade and Development, European Commission; and Mr. Hamidur Rashid, Director-General for Multilateral Economic Affairs, Ministry of Foreign Affairs, Bangladesh. (Views expressed during the interaction of panelists with the floor -question and answer period - are also included in section II – Panel presentations). After the panel presentations, a policy discussion took place among participants, including representatives of governments as well as institutional and non-institutional stakeholders.

II. Panel presentations

International trade developments in the current decade

2. International trade is inextricably linked to development. Most fast growing economies also have a dynamic trade sector. Trade linkages, external and domestic, denote the importance of the holistic approach of the Monterrey Consensus; particularly, the stress on the need to enhance the coherence and consistency of the international monetary, financial and trading systems in support of development and to strive for sound macroeconomic management and supportive structural policies. The WTO, where comprehensive multilateral trade negotiations have been taking place since 2001, and UNCTAD, which recently held its twelfth session leading to the Accra Accord, are both key stakeholders in the Financing for Development process and participated actively in the Monterrey Summit Conference.

3. Trade involving developing countries has grown at a comparatively fast pace in the current decade. This has provided significant impulses for global growth and has led to measurable improvements in the current accounts of this group of countries. Yet, while on the whole trade expansion has contributed to economic growth, increased employment and poverty alleviation, a considerable number of developing countries – including many LDCs – have remained at the margins of this process. To integrate
the latter countries in the global economy in such a way that they may increasingly share the benefits of expanding world trade is one of the main challenges facing the international community.

4. There has been an increased share of value added in the exports of developing countries. Manufactured goods exported by these countries now account for 25 per cent of global market share - double the proportion in the early 1980s. High-tech exports from these countries in the last 25 years have grown twice as fast as those of developed countries. Developing countries - which traditionally as a group have been major producers of primary commodities – are now major consumers of those goods. Partly because of these factors, but also because of an increasing regional and interregional trade in manufactures and services, South/ South trade is one of the most dynamic factors in world trade. The quantitative trade changes since the adoption of the Monterrey Consensus have been accompanied by significant autonomous trade liberalization in a large number of developing countries and by numerous bilateral or broader free trade agreements.

5. Trade in services has also grown and now comprises slightly more than 15 per cent of the total export of goods and services from developing countries. The movement of natural persons across borders in search of jobs or higher wages has also increased measurably despite obstacles to such movement. Recorded remittances of migrant workers from developing countries to their country of origin are growing significantly.

6. Today, the Doha Round of multilateral trade negotiations, the aftermath of the financial turmoil and the food crisis are shaping international trade discussions. The on-going food crisis is the consequence of transitory as well as more deep-rooted problems. Food export subsidies and subsidies to domestic food producers as well as high tariffs on many agricultural products in many developed countries have discouraged production and exports in numerous countries with an agricultural potential. Also, over the years, the agricultural policy approach for developing countries favoured by multilateral financial institutions has led to elimination of subsidies, withdrawal of government support and reduction of tariffs in this sector. These policies together with the distortions introduced by the policies of many developed countries have caused some countries to become food deficit countries leading to more intense difficulties when food prices rise. Indeed, this is the actual condition of many LDCs and some of the other food deficit countries.

Lessons learnt and international trade related strategies

7. Openness to trade tends to spur growth, helps in stabilizing prices and promotes efficiency gains through increased competition. It allows countries to take advantage of specialization and economies of scale. In the long-run, trade openness enhances and facilitates productivity increases which are a key factor in sustained development. Yet, such outcomes are not automatic; mutually supportive policies – an adequate macroeconomic framework, infrastructure and human resource development – are
necessary. Reliance on market forces is important but not enough; proactive
government policies to promote investments and productivity increases, as well as to
enhance labour and build high-quality skills are also needed. It is therefore crucial
that international trade related policies are an integral part of development policies or
national development strategies.

8. Liberalization is one key element in international trade strategies. Further
liberalization in developed countries, developing countries and countries with
economies in transition as envisaged in the Doha Round can bring large gains for
virtually every country. Yet, in any economy, liberalization has costs and benefits that
must be weighed carefully. In developing countries where factor mobility is limited
and new job opportunities are few the economic and social costs of liberalization tend
to be high. The replacement of tariff revenues, usually an important and stable share
of government revenues, often leads to complex political discussions and difficult
parliamentary negotiations. At the same time, while potential benefits of liberalization
can be large, there is no certainty that they will necessarily materialize. It is thus
important to design liberalization policies – of goods and services - in a way that
costs are absorbed without significant social stress and that additional measures are
taken to ensure that the expected benefits will be actually forthcoming. A crucial
factor to consider is the adequate liberalization pace and sequence, in particular, the
time needed for the development of long-term comparative advantage in some
economic activities. Thus, the process should proceed by stages, synchronizing
liberalization with the country’s economic conditions.

9. While many share the view that trade liberalization leads to static and dynamic
gains, some econometric studies show that there is no causality between trade
openness and growth. Also, the causation link can be ambiguous, as it might be
argued that expanding trade causes economic growth as well as that increased trade is
the consequence of economic growth. No country has sustained growth without some
degree of initial protection. The large developed economies of today protected their
manufacturing in the initial stages of industrialization. On the other hand, no fast
growing developing country has achieved rapid economic expansion by imposing
trade barriers; the emphasis has been on export-led growth.

10. Aid for Trade can be a vital component of liberalization. It enables recipient countries
to effectively take advantage of potential benefits and facilitates coping with the costs
of adjustment. Aid for Trade can help building trade infrastructure such as transport,
communication, power facilities and markets, and assist in addressing some of the
adjustment measures required by opening the domestic market. The EU has taken a
very active role in developing a global vision on Aid for Trade. The United States is
also paying special attention to this issue in its aid programme. However, two aspects
remain essential for success. First, beneficiaries should be fully involved in needs
assessment, identification of priorities and planning of activities. Secondly, aid should
not involve conditionalities or become a substitute for effective progress in the
implementation of the Doha Development Agenda. Assistance in trade facilitation
can also be very important as it can play a catalytic role in areas where potential gains are large.

11. Past experiences point to the importance of resource-rich countries taking advantage of the present commodity boom to diversify. This is an issue to which the Accra Accord paid special attention. For several commodities, high current prices are probably transitory. Even if prices of commodities remain high, commodity-exporting countries should embark on a diversification process into the secondary and tertiary sectors. On this score, the consideration of industrial policies to develop dynamic comparative advantages is relevant, particularly since it is an instrument that has allowed several countries to sustain long-term expansion of exports of manufactures.

12. For developing countries which are not rich in natural resources, the high prices of commodities in international markets represent additional costs that can be difficult to absorb. This is particularly so if a country already has a significant current account deficit or a large external debt. Higher import prices require additional trade financing. This is the situation today in a number of food deficit countries.

13. Agreeing on multilateral trade disciplines in agriculture has been difficult, partly because of fluctuating and falling real world prices for food during the past 60 years. To keep domestic food prices stable many governments have sought to insulate and increasingly protect farmers from international market forces. However, the cost of protection and assistance to farmers is very high, which leads to major distortions in agricultural markets and reduces the incomes of the rural poor in many developing countries. The higher prices of agricultural products today may reduce the pressures for protection, increase the chances of reforming agricultural policies and facilitate implementing the Doha Development Agenda in the WTO negotiations.

14. The growth impetus in many developing countries and the significant increase in trade and investment flows among countries of the South present an important window of opportunity for all countries, regardless of their level of development. However, South/South trade remains hampered by significant trade barriers; such barriers are higher than the barriers that developing countries face vis-à-vis developed countries. There is considerable scope for trade policy to boost trade between low and middle-income countries. Progress in the Global System of Trade Preferences (GSTP) is important. Regional and sub-regional trade agreements can also provide significant impulses to trade, but they also carry risks of fragmentation. Generally South/South trade agreements have been more development friendly than North/South trade agreements.

**The Doha Round of multilateral trade negotiations and new policy challenges**

15. After lengthy negotiations, a crucial juncture has been reached in the Doha Trade Round. It was noted that a political push was necessary to overcome special interests and ensure the conclusion of the current negotiations. It is important that the negotiations are brought to a close soon including full implementation of the Doha
Development Agenda. In addition, and in order to have a positive impact on the trade negotiations attendance at the Doha Review Conference on Financing for Development should be at the highest level.

16. Making progress in the agricultural sector negotiations as part of the Doha Development Agenda, requires that negotiations be ambitious and contemplate few or no exceptions, especially in eliminating export subsidies, increasing market access, and substantially reducing the tariff binding overhang and domestic support such as in cotton. In practice, agricultural subsidies in developed countries mostly benefit high income groups. Also, it is important to operationalize the special and differential treatment for developing countries; it should be a priority issue.

17. Since Monterrey, new trade related policy challenges have emerged: the repercussion of the sub-prime mortgage crisis on the world economy whose deceleration might intensify protectionist pressures; the large global trade imbalances whose persistence is a serious threat to stability, particularly of exchange rates; the food crisis and the increasing evidence of climate change. It is important to resist calls for protectionist measures and to try to ensure a smooth unwinding of global trade imbalances. Both tasks require international cooperation.

18. The current food crisis has led to export controls in several countries. This is an issue that might need further consideration as international rules in this sphere have not been developed; nothing in the WTO seems to prevent export bans and this issue is not being tackled in the current international trade negotiations. Trade has a role to play in resolving the food crisis. But an increase in global food supplies is necessary and this requires a long-term structural response. The latter should be assisted by international cooperation through a substantial increase in development policy support.

19. There are various aspects of international trade related to climate change. Indeed, responses to climate change have significant implications for trade and development. Measures to ensure that the production of goods for export markets are environmentally friendly are important, especially so when exporters risk additional import restrictions without such measures. For example if trade measures penalizing the carbon content of imported goods were implemented. Another danger is the requirement that tariffs for environmentally friendly products – mostly exported by the North – should be actually zero. Notwithstanding, international cooperation can play an important role by facilitating access to climate friendly technology for export expansion.

20. Regional integration as well as bilateral trade agreements can be an important tool to expand trade. It also allows developing countries to calibrate their moves towards full reciprocity and countries with small domestic markets to develop economies of scale. On the whole, free trade agreements, including North/South free trade agreements, can be development friendly, particularly if the deal is not unbalanced. These deals can include development oriented features such as investment promotion provisions.
and a measure of flexibility in intellectual property rights. Still, the key to sustained long-term trade growth is multilateral liberalization through negotiations where all countries can participate effectively.

21. For Least Developed Countries to draw measurable benefits from the trade negotiations it is important that all developed countries and other countries in a position to do so provide duty free and quota free access for their products. The envisaged duty and quota treatment includes 97 per cent of exports from Least Developed Countries. It is therefore important to ensure that the products included in the remaining 3 per cent are not products characterized by a substantial export potential or products that have been particularly dynamic in the last few years. Also, many of the Least Developed Countries are net food importers. Actual progress in the Doha Development Agenda will lead to substantial reduction in export subsidies and domestic support in a number of food exporting countries. This will lead to increases in the price of several food staples imported by Least Developed Countries and will require additional assistance to these countries, in particular increased Aid for Trade.

III. Policy deliberations

International trade trends and development

22. Many participants reviewed the positive trends in world trade in this decade, including strong expansion of international trade at a faster rate than world GDP and rapid growth of South-South trade surpassing world trade. Moreover, the share of developing countries in world merchandise trade exceeded one-third of world trade and developing countries accounted for more than half of the growth of world trade in 2007. An increase in regional trade agreements had been an important contributing factor in the growth of South-South trade and regional integration, notably in Asia and Latin America. An increase in bilateral trade agreements had also bolstered North-South and South-South trade.

23. A number of speakers also underscored the persistent deficiencies of recent trade evolution, specifically the concentration of growth in a small number of developing countries, the marginalization of LDCs and other vulnerable countries in North-South and South-South trade, including their inability to exploit their comparative advantage in particular exports; the dependence of many developing countries on commodity exports and their undiversified production structure; the deterioration of terms of trade of these countries and the uneven distribution of the benefits of trade across sectors and countries.

24. Participants also referred to the current global economic downturn and possible recession in some of the principal trading partners of developing countries. The creation of new economic channels between countries had the potential to stimulate growth but also propagate recession. It was therefore necessary to find ways of ensuring that adjustments for affected countries were as painless as possible. It was also stated that the prevailing philosophy of free trade only privileged the interests of
transnational corporations and developed countries. For instance, the bulk of the windfall profits from higher commodity prices were often being repatriated by international corporations rather than being invested in the host country.

25. The importance of trade as an engine of growth was underlined by many representatives. It was noted that export growth accounted for over 60 per cent of GDP growth of all developing countries and over 40 per cent of the GDP growth of LDCs between 2000 and 2005. A number of participants pointed out that trade contributed to growth and development by encouraging specialization of production, improving access to inputs and technology, promoting economies of scale, increasing competition and efficiency, employment creation and by providing consumers with wider choice.

26. Some discussants emphasized that developing countries needed broad and predictable access to developed country markets as a prerequisite to benefit from trade. At the same time, the views of many participants converged on the need for preferential market access by LDCs and other vulnerable countries. While several participants stressed that the recent positive trade evolution underscored the ongoing opportunity for all developing countries to make contributions to expanding international trade under an open, rule-based multilateral trading system, others expressed concerns about some the rules of the multilateral trading system and stated that they needed to be addressed. A number of discussants also expressed concern about signs of increased protectionism in some developed countries.

27. Many participants cautioned that more open trade was not a guarantee of development and poverty reduction. They stressed that developing countries needed to develop their productive capability to take advantage of the opportunities of increased market access and at the same time minimize the costs of adjustment entailed by trade reforms and any loss in preferential access. In this regard, developing countries needed full access to technology at an affordable price, infrastructure investment and human resource development, an enabling domestic environment for private investment and innovation and an appropriate social safety net. Foreign Direct Investment (FDI) to developing countries could also play an important role. Developing countries, including LDCs, needed policy space to manage their trade, financial and development policies in alignment with their national development priorities and strategies.

28. Concern was expressed by many discussants that the relation between the current food crisis and international trade needed to be fully addressed in a concerted global context. It was pointed out that agricultural subsidies and import barriers hindered access for developing country agricultural exports and contributed to declines in agricultural investment and productivity holding back development in these countries. The recent introduction of export restrictions by some countries had aggravated food shortages and contributed to price increases.
International trade policies and lessons learned

29. Participants recalled that the Monterrey Consensus reaffirmed international commitment to ensure that trade played its full part in promoting economic growth, employment and development. Some regretted that “trade as an engine for development” was an area of least progress in the implementation of the Monterrey Consensus. The Doha Development Round, launched in 2001, had not been concluded. Many participants stressed the importance of an open, fair and equitable multilateral trading system that would offer opportunities for developing countries to participate and generate resources for financing their development. Therefore, it was seen as crucial to prevent abuses such as anti-dumping measures. Trade constituted by far the most important source of foreign exchange. It was also noted that an export-led growth strategy and proper sequencing of trade liberalization was essential for trade-related long-term development.

30. Many participants underscored the importance of reducing trade barriers and increasing market access for the full range of developing country exports, including agricultural commodities, manufactured goods and services, and not excluding technologically intensive high value-added goods. They urged all main trading partners of developing countries to honour their trade liberalization commitments and respect the judgments of established dispute settlement mechanisms. Some speakers were of the view that major economies had a moral responsibility to ensure that their policies assisted the participation of developing countries in the trading system. It was noted that successful developing countries had used their policy space effectively to become competitive and integrate their economy into the global production chains.

31. A number of discussants pointed out that technical assistance was needed by many developing countries, particularly LDCs, SIDSs and low-income LLDCs, to participate meaningfully in international trade negotiations. They also called on WTO members to ensure accession of those LDCs seeking to do so by fulfilling only those commitments commensurate with their level of development, as agreed in the Brussels Programme of Action. In the case of commodity dependent countries it was considered important to develop financial services for commodity producers and direct ODA to the commodity sector, in particular agricultural development.

32. Numerous representatives stated that the needs of LDCs and other vulnerable countries should be taken into account to ensure that they would be integrated in the international trading system. In this regard, the importance of implementation of Duty-Free and Quota-Free (DFQF) access for LDC exports was reiterated. Some participants welcomed its implementation by an increasing number of developing countries and encouraged other countries, particularly emerging economies, to follow quickly. Some also called for all developed countries to provide such access on a lasting basis to all products originating in LDCs by the end of 2008. Small economies, particularly SIDSs, in different regions shared their experiences and progress in regional integration to overcome the disadvantage of small size and lack of capacity, which had been part of a wider process of integrating into the world.
economy. At the same time, a number of representatives expressed concern about the erosion of preferential treatment and called for preserving those preferences that were aligned with their development priorities.

33. Some participants cautioned that increasing import restrictions based on environmental or labour standards or providing special incentives for imports that met specified standards risked undesired restrictions on export opportunities for developing countries. Such measures needed to be carefully examined.

34. Many participants underscored that a global approach to trade reform would be important for ensuring food security. Well-functioning local, national and regional markets and improved market access in developed countries were identified as prerequisites for enhancing agriculture-based growth and increasing rural incomes. The introduction of export restrictions on food commodities had aggravated the world food situation and should be removed. Increased agricultural investment was also essential.

35. Many representatives emphasized that developing countries needed enhanced access to technology and know-how for investment and innovation. They saw the current international intellectual property regime as mostly favouring producers and holders of international property rights that are mostly located in developed countries.

36. A number of participants underscored the importance of regional and bilateral trade agreements in promoting trade; they cited the success of countries in Asia and Latin America in regional integration. At the same time, many cautioned that these agreements must be designed in a way to advance development, promote and support regional integration in developing countries in conformity with WTO rules. The transparency of their provisions should be enhanced to ensure that they become building blocks in the continued evolution of the multilateral trading system. Increased efforts should be made to meet the challenge of adequately involving LDCs in these arrangements to effectively counter possible fallout from erosion of preferential trade treatment. It was also noted that it was important to discuss the actual impact of the proliferation of regional trade agreements.

37. Many discussants emphasized the need to remove barriers to South-South trade and the importance of policies to promote South-South trade. In this regard, the Third Round Negotiations of the Global System of Trade Preferences (GSTP) needed an early conclusion and the participation of all developing countries. They welcomed the agreement at UNCTAD XII on continued negotiation on GSTP and early conclusion in November 2008.

38. Many participants noted that Aid for Trade (AfT) recognized the need to help developing countries to fully benefit from their participation in international trade through technical cooperation and investment in infrastructure and productive capacity building. They reiterated the premise of AfT that harnessing trade to finance development began with developing countries themselves, who should put trade
integration, increasing productive capacity and competitiveness at the centre of their development strategies. Political leadership and supporting policies and regulatory framework that fostered an enabling environment and appropriate incentives for private investment and production, innovation and entrepreneurship would also be needed. Governments and business had to enhance efforts to establish market channels for potential exports. In addition, public-private partnerships should be strengthened to address market failures. Growth in South-South AfT was welcomed as a source of financial resources and also of shared experiences. The advantages of involving private businesses as important stakeholders in AfT were also highlighted.

39. Several speakers also pointed out the need for AfT, particularly by LDCs and other vulnerable countries, to mitigate the short-term adjustment costs arising from possible shocks from trade liberalization and the erosion of trade preferences. Costs could arise, for example, due to the loss of preferences in textile and clothing exports and the potential increase in agricultural prices if agricultural subsidies were abolished.

40. A number of representatives also underscored the need for international support for middle-income countries in trade. In this regard, they called for international financial institutions, including regional and sub-regional institutions, to adopt development cooperation schemes suited to middle-income country needs in trade adjustment and capacity building, particularly aimed at strengthening the export sector.

41. Numerous participants reviewed the progress made to better define and operationalize AfT. Some focused on the need to align AfT with country priorities and development strategy, stressing country ownership and reducing conditionalities. Some also called on developing countries to fully participate in needs assessment and the prioritization of activities to strengthen the integration of trade-related policies into national development strategies. Some representatives pointed out the often poor coordination between donors and recipients and the lack of evidence on the implementation of commitments on aid effectiveness. There was a need for greater transparency and incentives to improve effectiveness and the OECD had set up a task force on AfT to monitor its effectiveness at all levels. Many participants emphasized that developing countries should be placed at the centre of the process of designing and monitoring the implementation of AfT. Calls were made for strengthening UNCTAD’s role regarding multilateral cooperation with developing countries.

42. Some representatives pointed to the importance of promoting fair trade at the national level to allow small and medium-sized enterprises and the most vulnerable segments of the population to benefit from trade. Improving facilities to store and transport perishable goods produced by low-income groups to markets was highlighted as a crucial consideration. A number of speakers also noted that some developed countries had been working with developing country partners to focus efforts on boosting trade benefits to the weakest groups, empowering women and strengthening their participation in trade and supporting environmental sustainability and trade. A number of representatives pointed out the need for greater coherence between trade
policies, labour and social policies at the national level to maximize the benefits of trade and ensure their equitable distribution. Increased competition resulting from trade liberalization highlighted the importance of policies to promote decent work for all. These participants noted that this link had been highlighted through the Monterrey review process and was particularly crucial in an era of rapid globalization. In this regard, the Monterrey Consensus provided as a solid platform for improved international and national policy coherence.

Successful conclusion of the Doha Development Round (DDR) and achieving development goals

43. A number of participants noted that the Doha Round was larger and deeper than earlier multilateral trade negotiations. It provided a clear linkage between trade and development by working toward increasing market access for developing countries, including LDCs, and striving to achieve a fairer and more equitable multilateral trading system that considered the needs and interests of all countries. There were calls for all parties to exercise flexibility and constructive engagement to move the negotiations forward. Some speakers indicated that if the DDR was not concluded shortly, their expectation was that a clear and unequivocal commitment to its speedy and successful conclusion should be an outcome of the Doha Review Conference. It was stressed that the success of the Round could only be measured in terms of actual market opening in agriculture, industrial goods and services - resulting in measurable new trade flows.

44. There was broad consensus regarding the need for a successful and balanced early conclusion of the DDR. Some representatives emphasized that its outcome should be pro-development. It would be critical to fulfilling the commitment to “trade as an engine of development” in the Monterrey Consensus. They cautioned that without meaningful market opening commitments by emerging economies the full development potential of the DDR would not be achieved. Many representatives stressed that the real content for development of the DDR should include the provision of policy space and the removal of conditions, which hampered the promotion of forward and backward linkages. It should also include special and differential treatment for developing countries, in particular for LDCs, SIDSs, LLDCs, transit states and low-income countries in Africa. It was noted that the scant regard for special and differential treatment had heightened the risk of marginalizing this group of countries.

45. It was emphasized that successful conclusion of the DDR could increase market access for agricultural commodities from developing countries and reduce levels of distorting agricultural subsidies, especially in developed countries. These changes could remove impediments to investment and productivity growth in agriculture in developing countries and support agriculture-based development that could bolster food security and rural incomes. It was also important to review possible arrangements for commodity price stabilization.
46. A number of discussants stressed the need for the outcome of the DDR to increase market access for developing countries in nonagricultural manufactured goods and services as well, including technology, and skill-intensive high value-added exports. Some called upon developed countries to liberalize their markets for the movement of labour from developing countries under Mode IV of GATS. It was also important to weigh the benefits against the costs of any new trade agreement.

47. Some representatives also emphasized the need for international agreements that could correct the imbalance in the international intellectual property regime, including TRIPS and TRIMS. This could help to narrow the knowledge gap between developed and developing countries and establish an international property regime that would truly assist developing countries in achieving development goals.

48. Many participants noted that AfT was a necessary complement to a successful Doha Round in increasing developing country trade and productive capacity and addressing constraints to their competitiveness in international markets. But it could not be a substitute for an ambitious outcome in trade liberalization. Numerous participants stated that in addition to AfT the Enhanced Integrated Framework (EIF) for LDCs was the concrete mechanism available to respond to LDCs’ development imperatives. It was designed to assist LDCs in integrating trade policy into national development strategies, mapping trade and productive capacity building needs, and matching needs with the supply of donor assistance. A number of participants urged development partners to provide adequate resources so that all LDCs could join the EIF.

49. Numerous discussants underscored the importance of commitments to additional resources to fully finance AfT and ensuring that they did not divert ODA from other sectors, such as health and education. It was noted that donors needed to increase AfT by $8 billion of new ODA a year to meet their 2010 target of $30 billion. A boost to the effectiveness of AfT was also needed. There was a suggestion that the World Bank could be an important actor in supporting the integration of trade assistance in the overall development assistance framework. Some representatives underscored that a favourable outcome to the DDR complemented by additional commitments to AfT would be an appropriate way to exploit the synergies of the Monterrey Consensus and the DDR in contributing to the achievement of the international development goals.