

STATEMENT BY JAMAICA

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Statement by Honorable K.D Knight, MP

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Mr. President,
Distinguished Heads of State and Government,
Honourable Ministers,
Excellencies,
Ladies and Gentlemen,

It is an honour and privilege for me to address you, on behalf of the Group of 77 and China, on this historic occasion of UNCTAD XI.

Let me also take this opportunity to express, through you Mr. President, our gratitude to the Government and people of Brazil for hosting UNCTAD XI, and for the hospitality extended to us since our arrival in this distinctly unique city of Sao Paulo.

It would be remiss of me were I not to, at the outset, and especially in this city, express our warm appreciation for the inspired and untiring leadership provided to this Organization by Secretary-General Rubens Ricupero, a distinguished son of Brazil.

Mr. President,

This is the 11th quadrennial conference to be convened since UNCTAD was established in 1964 and there is a fitting symbolism to our meeting today in the Latin American and Caribbean Region. It should be recalled that the early intellectual foundations of UNCTAD were laid and shaped by ideas and theories that emerged from the vigorous discourse on development, which took place in this region in the 1950s and 1960s.

The Group of 77 and China comes to Sao Paulo, therefore, with a deep awareness of the history of our Group. It must be emphasized that I refer not just to chronological history, which, at the landmark of 40, is itself a significant achievement _against persistent odds, but more importantly we come to Sao Paulo keenly aware of the rich history of ideas that have been generated by UNCTAD over the years in regard to developing countries, their place in the global economy, and, importantly, what needs to be done, especially at the global level, for the betterment of the peoples of the Third World.

Mr. President,

Four decades have passed since the birth of UNCTAD. In his report to the first UNCTAD Conference in 1964, the then Secretary-General, Dr Raul Prebisch, a celebrated son of this region, reflected on a wide range of trade issues of concern to developing countries. The issues raised then are even now striking in their familiarity. They included declining terms of trade, chronic external imbalances, technological challenges, slow pace of industrialization and diversification of output, lack of growth in exports, both of primary commodities and in manufactures, and the longstanding matter of protectionism in developed countries, especially on products of export interest to developing countries. The Secretary-General concluded - and this too is familiar - that the problems which beset the developing countries are, and I quote, "very grave indeed". He called for a new order to address the problems of trade and development, arguing that conscious and deliberate efforts to influence the course of economic events were required, rather than simply expecting that promoting the expansion of trade through the removal of obstacles to the free play of

economic forces would ensure mutual advantage to all, regardless of the profound differences in structure and in productive potential existing between advanced countries and the countries of what was then described as the 'periphery' and which we now call the South.

The fact that we meet today under the theme of enhancing coherence between national development strategies and global economic processes towards economic growth and development, particularly of developing countries, is reflective of how much of the concerns of that first UNCTAD Conference remain relevant. The sub-themes, which we are called upon to address, are reminders of the validity of analysis that is 40 years old, and collectively are a sobering comment on the inadequacy of the international response to the concerns of the developing countries over several decades. Over the next few days, we will focus on development strategies in a globalizing world; building productive capacity and international competitiveness; assuring development gains from the multilateral trading system; and on partnerships for development. We must discuss these issues with the clear sense that their presence on our

agenda today is in many respects an admission of the extent to which many developing countries have been by-passed and marginalized in the global economy. The occasion of UNCTAD XI provides an opportunity that must be seized upon to take corrective measures.

Let me be clear, Mr. President, that the Group of 77 and China recognizes and is pleased by the fact that several developing countries, despite the constraints they have faced, have managed to achieve commendable trade and growth performance. In East Asia there has been strong economic growth and this has reduced poverty in the region and has contributed to a containment of global poverty levels. The World Bank notes that in the 10 years from 1981 to 1991, East Asia experienced export growth of 232 per cent, compared with the global average of 115 per cent. This strong performance has continued. It is also worthy of note that export revenues of developing countries, as a percentage of GDP, has risen in recent years and that the composition of these exports has been changing. However, while we should not ignore these positive developments, neither should we overstate them. The Report of the World

Commission on the Social Dimension of Globalization recently pointed out that three-quarters of the expansion in manufactured export growth was accounted for by less than a dozen developing countries, while the majority of developing countries have been faced with stagnant or declining market shares. In many developing countries, and in regions other than East Asia, economic growth has been sluggish and poverty levels have increased during the 1990s. The situation of the Least Developed Countries (LDCs) and of Sub-Saharan Africa, in particular, has been well documented. In Sub-Saharan Africa, GDP has fallen and the poverty level has increased by almost 30 per cent. In this region where we meet, the fact is that during the decade of the 1990s, annual GDP growth averaged only 1.6 per cent and poverty increased by almost 20 per cent.

The Group of 77 and China is deeply concerned that, for the most part, the developed world and multilateral institutions appear unable or unwilling to draw appropriate lessons from these outcomes. We affirm the importance of diverse development strategies that take into account country-specific needs, potentials and socio-economic

circumstances. We are fully persuaded of the important role that the State has played in fashioning and implementing such strategies in the case of the developing countries that have managed to achieve growth over a sustained period.

The Group of 77 and China emphasizes the importance of policy space. Recognition of the need for diversity in development strategies will mean very little in substantive terms if developing countries are not allowed the space necessary to design national policies appropriate to and compatible with their specific needs. Policy space, which developed countries enjoyed so amply, and took full advantage of during their own development, has been severely restricted for developing countries in the current era as a result of multilateral trade commitments, conditionalities linked to structural adjustment, and by the web of trade, finance and economic linkages that are part of the new and intensified phase of globalization. Let me indicate, Mr. President, that the Group of 77 and China accepts that policy space cannot be determined unilaterally where measures are the subject and collective outcome of multilateral, regional or other agreements.

Mr. President, the fact that many developing countries have not benefited from the global trading system as fully as was expected, does not diminish the importance we attach to multilateralism and to participation in the multilateral trading system. We recognize that there is no viable alternative to a predictable, equitable and transparent multilateral trading system, and especially following the set-back in Cancun, we believe firmly that finding a way forward is an urgent and collective responsibility. This UNCTAD XI Ministerial Conference provides a timely opportunity to build goodwill and to commit to vigorously pursuing and successfully concluding the Doha Work Programme. It must be recalled that a major contribution of the Doha Ministerial Declaration was placing the needs and interests of developing countries at the heart of the current trade negotiations. Issues of particular concern to developing countries merit special attention and require urgent action. These issues include: (i) trade barriers, trade-distorting subsidies and other trade-distorting measures, particularly in sectors of special export interest to developing countries, including agriculture; (ii) the abuse of antidumping measures; (iii) technical barriers and sanitary and phytosanitary

measures; (iv) trade liberalization in labour-intensive manufactures; (v) trade liberalization in agricultural products; (vi) trade in services; (vii) tariff peaks, high tariffs and tariff escalation, as well as non-tariff barriers; (viii) the movement of natural persons; (ix) the lack of recognition of intellectual property rights for the protection of traditional knowledge and folklore; (x) the transfer of knowledge and technology; (xi) the implementation and interpretation of the Agreement on Trade-Related Aspects of Intellectual Property Rights in a manner supportive of public health; (xii) the need for special and differential treatment provisions for developing countries in trade agreements to be made more precise, effective and operational; (xiii) WTO accession; (xiv) trade preferences; (xv) issues for LDCs and small economies; and (xvi) expeditious and appropriate resolution of outstanding implementation-related issues and concerns.

Let me emphasize, Mr. President, that developing countries will not accept a re-run of the Uruguay Round whereby putative welfare gains to developing countries remained Just that - potential gains that were never realized! The World Bank estimates that liberalization in

agriculture and manufacturing, if accompanied by a realistic productivity response, will produce gains in additional income for developing countries of US\$350 billion over the next several years. This would be substantially greater if significant opening of services, including Mode 4, were to occur. It is absolutely imperative that concrete action be taken in these and the other areas of interest to developing countries I have cited, so as to assure meaningful developmental gains for developing countries in the current trade negotiations.

Mr. President,

In reaffirming our commitment to multilateralism, we wish to underscore the importance of ensuring that the legitimate interests of developing countries are not undermined by coercive and other unilateral trade and economic measures.

A positive element of the current international trading environment is the significant increase in South-South trade that is

taking place. The reality is that trade amongst developing countries is growing very fast. Over 40 percent of developing country exports go to other developing countries and intra-South trade has been growing at a much higher rate than global trade and trade with developed countries. This has led to what President Lula of Brazil aptly describes as "the new geography of trade". In this context, we give full support to the launching, during this Conference, of the third round of negotiations on the Global System of Trade Preferences (GSTP) amongst developing countries, which will serve to deepen this welcome trend.

Mr President,

Trade is not an end in itself, it is a means to development. To benefit from international trade, whether at the multilateral or regional levels, developing countries need to build their productive capacity and improve the competitiveness of their enterprises. In a rapidly changing global environment where markets are highly integrated, and technology and resource rich enterprises, especially TNCs, are

dominant players in many sectors, it is increasingly difficult for small firms and new entrants from developing countries to penetrate markets. A supportive international environment that contributes to the enhancement of resources needed to strengthen productive capacity, develop infrastructure, improve human resources and promote social equity, is of critical importance. In this context, the Group of 77 and China notes with great concern that the net transfer of resources from the South to the North is continuing. This is borne out by developments in the Latin American and Caribbean region where, in 2003, despite the region's first current account surplus in 50 years, the net transfer of financial resources to the North totaled US\$29 billion. This was the fifth consecutive year of net financial transfer - the cumulative effect of which was equivalent to the transfer of 5 percent of the region's production of goods and services.

Global Foreign Direct Investment (FDI), which had shown significant, even dramatic growth in recent years, remained stagnant in 2003, after declining in the two previous years. While a few developing countries have received significant levels of inflow, many

have not succeeded in attracting FDI and benefiting from its potential to augment domestic savings and contribute to the building of productive capacity. The LDCs, for example, account for only 0.5 percent of global flows in FDI, and this at a time when net ODA has declined in real per capita terms. This underscores the importance of implementing home country measures to promote FDI flows, as well as the importance of ensuring that maximum benefits are derived from the foreign investment that does occur. The latter will require that TNCs recognize their corporate responsibility and the obligation this entails to contribute fully to the optimization of benefits to the host country.

Mr President,

The decline of ODA and its limited recovery, volatile commodity prices and uneven FDI flows, have contributed, to a large extent, to the build up and unsustainability of debt in a significant number of developing countries. This has been the case despite commendable initiatives such as the Heavily Indebted Poor Countries

(HIPC) which, it must be emphasized, needs to be improved through increased resources and more flexible criteria. Increased efforts, including through innovative mechanisms, are required to find a durable solution to the debt problems of low- and middle-income countries. In recent years, some African and other developing countries have spent as much as 3 percent of their GDP on servicing debt, resources which then became unavailable for pursuing development goals. It is imperative that not only debt relief be deepened, but also that that internationally agreed targets for development assistance be met urgently.

The issue of commodities is particularly relevant in this context. The long-term decline in real prices of commodities is a major problem for many developing countries, reducing significantly their export earnings and purchasing power. This is compounded by lack of value-added production and limited or non-existent participation in the higher end of the value chain in markets that are often characterized by significant concentration. As frequently cited, more than 30 developing countries, many of them LDCs, rely on a single

commodity for most of their export income. The Group of 77 and China calls for the implementation of the comprehensive recommendations contained in the Report of Eminent Persons on Commodities, and emphasize, in particular, the importance of addressing the problems of oversupply and making compensatory financing schemes user friendly and operational.

Mr President,

An evident and enduring link in the global economy is that between trade and finance. UNCTAD's role in the promotion of trade and development cannot be meaningfully undertaken without appropriate attention being given to the international financial system. This is even more necessary in the light of financial crises that have occurred in recent years, particularly in Latin America and Asia. These have had adverse impact not only on the developing countries directly involved, but on others as well through the contagion effect. Key issues that need to be addressed in this area include volatility in international capital flows, flexibility in the choice of exchange rate

regimes, capital controls and strengthened institutional and regulatory capacities. A vital element in addressing volatility and its adverse consequences would be the implementation of an effective system for monitoring short-term capital flows.

Mr. President,

The Group 77 and China recognizes that there are benefits to be gained from globalization. But it is abundantly clear that these benefits have yet to be realized for the overwhelming majority of developing countries. Many developing countries do not enjoy favourable initial conditions, such as some measure of prior industrialization, transport and communications infrastructure, trained human resources and adaptable institutions, which facilitate beneficial integration into the global economy. Weaknesses in global governance, both in terms of participatory decision-making and policy coherence, have contributed as well to the unbalanced social and economic impact of globalization. It is imperative that we work collectively (i) to improve the governance of globalization through

increased consistency of policies in favour of development; (ii) to strengthen the participation of developing countries in decision-making; and (iii) to ensure that the international financial and trade institutions take fully into account the needs and constraints facing developing countries.

Trade, finance, investment and technology are the key drivers of globalization. The digital divide between the developed and developing countries is a major source of the asymmetry in benefits flowing from globalization. The existing disparity between developed and developing countries in terms of access and use of ICTs is a stark one. Over 40 percent of the population in the North has access to the Internet, while less than 1 percent of the population of Africa has such access. The World Summit on Information Society, to which the G77 and China attaches considerable importance, is an important vehicle for creating awareness and redressing this situation. Funding of measures to bridge the digital divide and meaningful and democratic participation in Internet governance are vital concerns for the Group 77 and China.

Mr President,

At the outset I drew attention to the continuing relevance of many of the issues that were identified in the Report of the Secretary General to the first session of UNCTAD forty years ago. While acknowledging that some issues have shown regrettable tenacity, it must also be noted that the intervening years have not been without significant achievements. UNCTAD contributed to the stabilization and strengthening of commodity markets and to the creation of the Common Fund for Commodities. It has been the source of innovative ideas, such as the Generalized System of Preferences (GSP) and the Global System of Trade Preferences (GSTP) among developing countries. It has been instrumental in ensuring special treatment for the Least Developed Countries (LDCs) and has been a major contributor to the initiation of three decennial Programmes of Action. It has also ensured that Small Island Developing States (SIDS), Landlocked Developing Countries (LLDC), as well as transit developing countries, receive appropriate support. As a knowledge-based organization, UNCTAD has been a continuous source of

innovative thinking and seminal ideas on major development concerns. More recently, the Bangkok Plan of Action has served as the blueprint for UNCTAD's activities, and will continue to do so.

The Group of 77 and China attaches paramount importance to UNCTAD's mandate as the focal point within the United Nations System for trade and development and the interrelated areas of finance, investment, technology and sustainable development. The continued and effective exercise of its mandate through the three pillars, namely, consensus building, research and policy analysis and technical cooperation is of vital importance for advancing the trade and development interests of developing countries. We reject any and all-efforts to weaken this important Organization and remain fully committed to ensuring that appropriate balance is maintained in its work, within and across the three pillars.

Mr President,

The Sao Paulo Conference is a valuable opportunity to impart renewed impetus and guidance to UNCTAD's work. We are confident that the consensus reached here will provide a solid basis on which to tackle the unfinished business of the past and meet the challenges of the future. The Group of 77 and China will not waver in its support for UNCTAD, and we urge all our partners to join us in ensuring that this Organization continues to make its unique and valuable contribution to the cause of development.

I thank you.

14 June 2004