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Group of 77 and China Position Paper

**Position paper of the Group of 77 and China on the draft
outcome document for the thirteenth session of the United
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Geneva, 14 October 2011

I. Introduction

1. The United Nations is the only worldwide institution that plays an important role as global coordinator, discussing and searching for solutions to a whole range of international issues.
2. UNCTAD is the focal point within the United Nations system for the integrated treatment of trade and development and related issues in the areas of finance, technology, investment and sustainable development.
3. In view of the current situation being experienced by developing countries since the beginning of the global financial and economic crisis in 2008, UNCTAD has – now more than ever – a key role in finding solutions for developing countries.

II. Background and context

4. The period between UNCTAD XII and UNCTAD XIII has been an important one for the world, particularly for developing countries. UNCTAD XII took place at a time of prosperity combined with growing inequality. Yet it also took place at the beginning of the food and energy crises, portends of what was to come.
5. Shortly after UNCTAD XII, the world was shaken by the worst economic crisis in a century. The imperfections and flaws in the global economic architecture, once the subject of debate, became a subject of fact. It became clear that no matter how prudent developing countries were, their development gains could - and were - almost wiped out by the consequences of irresponsible policies in the developed world, compounding the systemic imperfections that the G77 and China had long observed, and sought to remedy. Consequently, many developed countries themselves faced – and still face - problems and challenges which had previously been limited to the community of developing nations. As a result, and in meeting the challenges of the crisis, many of the key developed countries pursued policies which they had long denied to developing countries. These included counter-cyclical policies and greater direct state intervention in the economy. These tectonic shifts helped to redefine the landscape of the global development discourse, and highlighted the need to rebuild, and reform.
6. UNCTAD XIII is, therefore, an important opportunity to reinvigorate the development agenda of the multilateral trading system, as well as to build consensus on development approaches needed in the context of the current global economic downturn and the fragility of certain developed economies which could trigger another global economic crisis.

III. Key principles for new development approaches

7. What developing countries therefore seek in Doha is ambitious: nothing less than an important step in forging new development approaches – emphasizing the importance of inclusive and sustainable development. In so doing, the Group of 77 and China seeks to continue the process of strengthening the global economy to ensure greater prosperity and a brighter future for the majority of humanity.
8. This requires recognition of several principles, based upon the UN Declaration on the Right to Development, adopted by the United Nations General Assembly on 4 December 1986 as A/RES/41/128.

(a) Development is about improving people's lives including through the creation of wealth and opportunity;

(b) Development is about empowering people; and

(c) Development should be country specific, not dogmatic prescriptions. Development must be about affording developing countries the means for pursuing development paths tailored in accordance to their own unique needs and circumstances.

9. These considerations, and the timing of UNCTAD XIII, are of the utmost significance for the Group of 77 and China. UNCTAD XIII is an important opportunity to help focus the development discourse and the broader work of the UN on development, for example, the launching of the UN Chief Executives Board Inter-Agency Cluster on Trade and Productive Capacity which was launched in UNCTAD XII on 20 April 2008 and consists of various UN agencies led by UNCTAD. In 2014, member states will celebrate the 50th anniversary of UNCTAD. It is important to recognize the contributions that UNCTAD has made in helping developing countries integrate into the global economic system. Yet it must also be a time to reflect on what more needs to be done, and what UNCTAD can contribute in this regard.

10. That event should therefore result in a major contribution to the event we all expect in 2015, when the global community would meet at the arrival post for the accomplishment of the Millennium Development Goals (MDGs). In that regard, 2015 should not be about perpetuating the MDG agenda. It should be an opportunity to take stock of the MDGs, learn lessons from them, and move beyond to a more effective approach to development.

IV. Objectives for UNCTAD XIII

11. The Group of 77 and China therefore look forward to an UNCTAD XIII that is, through its discussions and outcome document:

(a) **Ambitious:** The theme of the conference is quite clear. Globalization must have development at its heart. The world economy has changed significantly since Accra. Business as usual no longer works. The Conference must therefore address these new realities including by manifesting the resolve to address roots causes, and find meaningful and lasting solutions to persistent problems, as well as those which are new and emerging;

(b) **Forward looking:** New approaches to development and partnerships should therefore result from the Conference. The conference has to go beyond looking at economic efficiency and go into development approaches which lead to better standards of living and quality of life for all. This will be an important contribution to the international community's work on development after the MDG target date of 2015; and the Conference should build upon the Accra Accord and be forward-looking on how to promote development-led/centred globalization;

(c) **Constructive:** the outcome should lead to a stronger and more effective global partnership for development which will contribute to, among others, efforts to strengthen the global economic system to place development at the center, including in the process leading to 2015 and beyond. By global partnership, the Group of 77 and China refers to a broader spirit of cooperation and joint ownership of the global economic system and development. The spirit of partnership should be manifested in ways other than traditional forms of assistance. The Group therefore seeks to build a stronger consensus on development, and to foster a spirit in which the global community can also capture consensus in our various deliberations, towards UNCTAD XIII and indeed beyond; and

(d) Action-oriented: Given the precariousness of the global economic situation, the potential downward impacts of the global economic crises on developing countries and the need to move towards action-centred programmes, UNCTAD XIII should focus on developing practical and pragmatic plans of action with clear goals and results. Best endeavour intentions and language should be kept to a minimum; focus should be made on the formulation and implementation of appropriately-financed and clear plans to address the sustainable development needs of developing countries.

12. The Group of 77 and China therefore looks forward to a constructive and positive preparatory process which builds the comfort level necessary for the outcome document to have an explicit reference to the need for new development paradigm and approach which, among others, places at its heart the need to mobilize political will and attending financial resources for a renewed and rebalanced global approach to development, as well as the issue of the reform of the global economic governance; affording developing countries the adequate policy space necessary to pursue nationally-owned and specifically tailored development policies to maximize prosperity and welfare for all; and strengthening the productive capacities of developing countries to fully and meaningfully engage in the global economic system.

13. By these criteria, the Accra Accord continues to be relevant and an excellent basis for UNCTAD to continue its work. The Group therefore expects an outcome document which reaffirms the Accra Accord, and which focuses on those elements which need updating as a result of the major events since UNCTAD XII.

V. Specific expected outcomes

A. Theme - Development-centred globalization: Towards inclusive and sustainable growth and development

1. General overview

14. The chapeau of the outcome document should set the tone and context for the rest of the document. In this regard, the concept of development centred globalisation should be fully elaborated. Development cannot only be the driving force, but also the objective of the new wave of globalisation. In fact, the UN Declaration on the right to development provides agreed definitions for the role and the responsibility of states on development issues, including the formulation of appropriate national development policies (Art. 2, para. 3), creating national and *international* conditions favourable to the realization of the right to development (Art. 3, para. 1), cooperating with each other in ensuring development (Art. 3 para. 3).

15. The chapeau should thus underscore the importance of UNCTAD's 50th anniversary. In its half century, UNCTAD has stressed the need for a holistic approach to development that uplifts peoples' lives. It is necessary to emphasize the importance of UNCTAD's continuing contributions to relevant development-related processes including the follow-up and implementation of the various UN summits and conferences on development, including the UN LDC-IV Conference and the global event we all expect in 2015 to mark the deadline for the accomplishment of the Millennium Development Goals (MDGs).

16. In an increasing complex global economy, UNCTAD should continue its work to provide updated policy analysis, and policy responses as well as guidelines to strengthen and support developing counties, in particular the least developed counties, landlocked

developing countries, small island developing states, as well as other structurally weak, vulnerable and small economies, to that address their challenges and problems.

17. The chapeau should also make clear what is meant by inclusive development. For the Group of 77 and China, this means that development cannot be defined only as economic growth where emphasis is only put on the economic pillar – while relegating the social – to the back burner. Experience has shown that economic growth can be accompanied by a simultaneous deterioration in standards of living and increased inequality. Inclusion must therefore be a central feature of development. It is about inclusion of individuals in the benefits of greater prosperity and consequent higher standards of living. It also means inclusion of developing countries in international economic governance and decision-making, as well as in global economic activities.

18. Resolution A/42/427 of the UN Conference on Sustainable Development defines sustainable development as follows: “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

19. This includes two major dimensions. First the role of the State in maintaining and preserving systemic stability. One important lesson to be learned from the recent global economic and financial crisis is that the invisible hand is insufficient to regulate markets and ensure a global economic environment conducive to growth and development. The State must play its rightful role in mitigating market imperfections and failures, and addressing externalities. The importance of the massive task of rebalancing the global economy must be emphasized.

20. Second, the role of the State in being proactive players at the national level must also be emphasized, and meaningfully discussed. To be clear, the Group of 77 and China seeks to strengthen the role of the state as an enabler of opportunity and an ally of the business sector. The role of the Developmental State is to pursue a proactive approach to development, and this must feature prominently in the chapeau. UNCTAD XIII should look at how to balance the role of the state and market forces.

2. Textual suggestions

21. The multilateral system must tend towards a new development approaches that does not just pursue economic growth but growth and inclusive, and sustainable development. It is important to promote greater convergence between economic, monetary, financial, social and environmental institutions, for this will help the implementation of this approach to development based on equity, social inclusion, human development and environmental sustainability.

22. The new development approaches recognizes the central role of the State in establishing and implementing policies and programs to ensure sustainable economic growth, thus ensuring inclusive and sustainable development. It regards the individual and the environment as the *raison d'être* of development.

23. This new approach to development should make for better resource allocation and the preservation of enough latitude in policy, within the multilateral trading system, to facilitate the implementation of domestic regulations in developing countries. Attention must be given to the effects of the measures taken by international organizations on the environment and the economies of developing countries.

24. Taking into account the cultural, social and geographical diversity, the international community should help developing countries to build their capacity to ensure food security and preserve their natural and energy resources. Globalization should help to integrate peoples as a means of overcoming the development constraints faced by individual member States.

25. Attention should be given to productive capacity to the poorest countries to generate added value, in order to achieve the gradual, equitable integration of these countries into the global economy.

26. All players in the international system must be involved in this process. Progress towards reducing social gaps and building an international society of more justice and solidarity, must be assessed; this includes meeting the Millennium Development Goals, which should be reflected in concrete reductions in poverty and inequality, improved living conditions, and sustainable economic and human development.

27. The Doha agreement should build upon the Accra Accord and provide input to future international conferences on trade, development and related issues. UNCTAD should examine new and old questions that may help to better understand development-centered globalization: towards growth and inclusive and sustainable development.

28. Reaffirming the importance of UNCTAD in the United Nations, UNCTAD XIII should invite Governments and the Secretariat to publicize widely UNCTAD's work widely the fiftieth anniversary of its establishment. We call upon the Trade and Development Board to hold a special meeting for that purpose.

B. Sub-theme 1 - Enhancing the enabling economic environment at all levels in support of inclusive and sustainable development

1. General overview

29. This section of the outcome document would place special emphasis on the need to address the ideas and mechanisms necessary at the global level for achieving the goal of development-centred globalization, in light of recent UN General Assembly (Session 65) resolutions, the outcomes of the Follow-up International Conference on Financing for Development, and those of the UN Conference on the World Financial and Economic Crisis and its Impact on Development. Hence, discussions under this sub-theme should revolve around how the global economic environment can be further strengthened in order to ensure that individual countries can foster a climate that promotes and accelerates development. On many occasions, the Group of 77 and China has stressed the importance of an enabling environment at the global level. The Group takes this opportunity to do so once again, in line with the G77 Ministerial Declaration in 2010, especially given the experience of the recent global economic and financial crisis where, despite the prudence of many developing countries, their efforts were undermined by actions on the part of developed countries.

30. UNCTAD should conduct a special study on the follow-up of United Nations Conference on World Financial and Economic Crises and its Impact on Development, and provide recommendations for the implementation of the outcome document of the said Conference.

31. It should be recalled that the G.77 & China Ministers highlighted the urgent need for a substantive and comprehensive reform of the international economic and financial system and architecture, including policies, mandates, scope and governance, to better enable it to respond and prevent financial and economic emergencies, effectively promote development and equitably serve the needs of Member States, particularly developing countries. International financial institutions in particular must have a clear development orientation. The Ministers called on all Member States to participate in an open, inclusive and transparent dialogue for a new international economic and financial system and architecture. In this respect, UNCTAD should also have a crucial role in examining and analyzing the current global economic challenges and presenting solutions to reduce the

adverse affects of these challenges to development as well as give recommendations on how the global economy could be conducted in a way that benefits developing countries and the global economy. Moreover, attention should also be paid to the role of regional economic cooperation, or mechanisms at the regional levels, in enhancing the architecture of global economic governance, as well as at national levels.

32. It is therefore important that the outcome document address the global economic and financial crisis and its impact on development and on the future of the international economic architecture. The public debt crisis as well as its impact on global economy and development also need to be fully addressed. The Group does not seek to apportion blame or to dwell on the past. Issues pertaining to the future of the global economic system, and the role of developing countries in international economic decision-making, must therefore be addressed in a frank, open, and constructive manner.

33. This includes a discussion on the establishment of a meaningful, effective transparent and functional global financial system as a basis for bringing about a more balanced and stable environment that supports inclusive development for all. UNCTAD's integrated approach to development should also be deployed throughout this sub-theme to address the interrelated nature of crises and vulnerabilities, the need for integrated responses, and present solutions to reduce the adverse affects of these challenges to development as well as give recommendations on how the global economy could be conducted in a way that benefits developing countries and the global economy – including for a substantive and comprehensive reform of the international economic and financial system and architecture.

34. These discussions should look into the various elements of the global economic system which need further reform, the suggestions contained in many UNCTAD research work need to be fully discussed, including global finance, as well as the future of the multilateral trading system especially its relationship with the other pillars of the global economic system. Emphasis on the central role of the UN in the global economic system and international economic decision-making is of paramount importance. Moreover, the reform of the global economic system should also provide the policy space for developing countries.

35. UNCTAD should continue its work on support to the Palestinian people along the lines of the Accra Accord, and taking into consideration the new realities.

36. Recognizing the importance of the multilateral trading system and trade as an engine of economic growth and development, it is crucial to achieve the successful conclusion of the development-oriented WTO Doha Round of trade negotiations.

2. Textual suggestions

37. Countries today are facing a crisis generated in the economic and financial system of the developed world – a situation that brings highly negative consequences. A response to this crisis requires a balanced set of actions to ensure economic recovery on the basis of inclusive and sustainable development.

38. In this context, it is the mandate of UNCTAD, as the focal point of the United Nations for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development, to continue its contributions through analytical work, consensus-building and technical assistance to countries.

39. Bearing in mind all States participating in the United Nations Conference on Trade and Development should make the most effective use possible of the institutions they

belong to, it is incumbent on UNCTAD XIII to adopt measures that will allow strengthening and enhancement of these contributions.

40. UNCTAD should continue to research and analyze the root causes and effects of the crisis on developed and developing countries' performance by drawing conclusions and offering relevant recommendations to respond to and prevent future crises.

41. UNCTAD should also consider, within its competence, the need to improve the coherence, governance and cohesion of the international monetary, financial and trade systems, in order to achieve – among other things – greater and real participation of developing countries, by suggesting reforms that are necessary to achieve inclusive and sustainable development and improved human development indicators in all countries.

42. It should also continue to conduct studies and analysis of the international financial system, with the aim of proposing recommendations to prevent problems in the financial markets including those related to speculative processes in investments, which result in increased levels of poverty and inequality.

43. Furthermore, it should continue its analysis of issues related to debt and development financing. It should also assist in building national capacities through the programme of the Debt Management and Financial Analysis System (DMFAS), in collaboration with the International Monetary Fund, World Bank, regional banks and other stakeholders.

44. UNCTAD should continue to analyze, develop, suggest and promote programmes that encourage the equitable integration of developing countries into the global economy, through: technical assistance; national capacity-building in different areas of production; the transfer of technology to domestic producers; the promotion of measures to strengthen – with criteria of transparency and predictability – the systems of tariff preferences for developing countries; and international cooperation.

45. UNCTAD should also study the unilateral economic, financial or trade measures, contrary to international law and WTO rules, which hinder market access, investments, freedom of transit, and the welfare of the population of the affected countries. In this regard, UNCTAD XIII should strongly urge States to refrain from enacting and implementing unilateral economic, financial or trade measures that are not in accordance with international law or the Charter of the United Nations and that hamper the full achievement of economic and social development as well as trade, particularly in developing countries.

46. With regard to the processes of regional integration and cooperation, UNCTAD should provide technical assistance to those who require it, with the aim of seeking to mitigate the consequences of various types of regional economic measures as well as the asymmetries that exist amongst States.

47. Through these and other actions, UNCTAD could contribute to a favorable economic environment that would reduce inequalities within and between countries, ensuring that everyone, especially the poor and vulnerable, benefits to the maximum from growth and economic development, and thereby enabling inclusive and sustainable development.

C. Sub-theme 2 - Strengthening all forms of cooperation and partnerships for trade and development, including North-South, South-South and triangular cooperation

1. General overview

48. This section of the outcome document should focus on developing and strengthening the global cooperation framework in order to realize the goal of development-centred globalization. This requires forging a renewed global partnership based on strengthening traditional forms of development cooperation, to drive the development dialogue in a more constructive direction. What is clear is that while a discussion on global partnerships must include a discussion of aid, it is insufficient for a truly meaningful partnership against poverty.

49. In this regard, the Group continues to place great importance on continuing cooperation including through technical assistance to build the capacities of developing countries to meaningfully participate in the international economic system, including multilateral negotiations. This requires building skills and fostering a new dynamic and climate in pursuit of the goal of greater prosperity for all. The Group therefore looks forward to strengthening UNCTAD as a place for dialogue and consensus-building on issues of global importance, including on ways to build a global partnership for development which is based on realizing and strengthening aid commitments, and in terms of the broader spectrum of cooperation.

50. The Group also looks forward to addressing issues pertaining to North-South cooperation in its broadest and most constructive sense, including anchoring North-South engagement on an equal footing in all areas of global economic policy making. The G-77 and China also looks to see how this can be complemented by an active framework of triangular cooperation. The Group also looks forward to sharing experiences and lessons from developed countries on North-North cooperation, and how this can be applied to efforts in the South aimed at integration and broader South-South cooperation (including regional cooperation), remaining fully consistent with the principles of South-South cooperation as articulated by the countries of the South.

51. The Group views the impact of regional integration as the main form of south-south cooperation, export diversification, valued added and technology transfer in south – south cooperation. All principles of South-South cooperation adopted in the United Nations High-level Conference on South-South Cooperation held in 2009 in Nairobi should be reaffirmed at UNCTAD XIII.

52. The draft outcome document should also pay special attention to the developing countries, in particular those facing specific challenges of sustainable economic development and poverty reduction, in particular in the light of economic and financial crises. In this context, international cooperation should be strengthened to support and sustain the developing countries, taking into account their economic and social characteristics and circumstances as well as their specific needs and priorities.

53. It should however be noted that challenges exist, one of the major challenges of development is the prevalence of unilateralism in the international system and the use or threat to use of unilateral coercive economic measures against some developing countries as a tool to achieve their political aims. The UNCTAD outcome document should underline that politically motivated economic measures is contrary to the spirit of free trade and economic relations among nations as well as to the right to development, and undermine the development efforts to alleviate the poverty and prevention of economic instability and have serious repercussions for trade of other countries. UNCTAD could play an important role in this regard and while examining the arbitrary restrictive measures against foreign

trade and economic relations of any member states, could make appropriate policy recommendations in this regard.

2. Textual suggestions

54. Based on the principle that international cooperation should complement national efforts to boost development, not replace them, and that each country bears the primary responsibility for achieving its own economic and social development, UNCTAD should, in accordance with its three pillars, become a permanent forum on development. Within this Forum, the consensus will be built on the need to increase the volume of financing for development, to fulfill the aid commitment, to improve the quality and utilization of aid, and to encourage the coordination among different stakeholders, in particular in the trade-related assistance.

55. It is essential for UNCTAD – within the system of the United Nations and the multilateral and regional organizations dealing with trade and productive capacities – to continue to strengthen the international cooperation and cooperation between States that aims at uniting efforts to attract financial resources that would complement developing countries' initiatives towards economic and social development and environmental protection.

56. In this context, UNCTAD should undertake an analysis of the impacts of the global economic and financial crisis, in accordance with the commitments set out in the global aid agenda, the MDGs, and the internationally agreed development goals (IADGs), so that member States can determine the current status and future actions to be incorporated into the development agenda.

57. In order to achieve the objectives of development and inclusion of developing countries, UNCTAD should design and support new mechanisms and tools which will allow international cooperation actions – North–South, South–South and triangular – to be strengthened, with special emphasis on cooperation actions that aim to build the capacities of small and medium-sized productive units, so that they may be inserted into an economic and trade system that is inclusive and equitable, with an emphasis on market access and on distribution of the benefits and revenue from international trade.

58. UNCTAD should make possible technical cooperation projects and propose new mutually beneficial mechanisms that will allow regional and intraregional trade to be encouraged and consolidated as well as promote regional integration processes.

59. In this regard, regional integration processes are significant and have a positive impact on the generation of coordinated responses, enhancing trade integration, the construction of an architecture of economic and financial cooperation, and the effective and focused development of South–South cooperation which allows the empowerment of actions aimed at sustainable and equitable human development, with respect for diversity and for the asymmetries between countries. An example of this is the Global System of Trade Preferences.

60. Of concern is the decrease in the share of official development assistance to some developing countries, in particular to Latin America and the Caribbean. UNCTAD should contribute to deepening cooperation mechanisms, so that developing countries, without distinction, may have access to international aid flows in an effective manner in order to cope with new and persistent challenges in global and regional development.

61. Multilateral organizations should also examine whether to continue using “per capita” income as the only indicator that determines and focuses aid flows, and should take into account the differences among countries, their vulnerabilities, their levels of poverty, low access to productive resources, human development index, and income distribution.

This is so that they can focus their cooperation actions and thus achieve effective participation by developing countries in an inclusive and sustainable global system.

62. The gap between developed and developing countries remains very large, and if current trends persist, it will take many decades before there is a real convergence in average income levels between North and South. In this sense, the role of North–South cooperation remains essential, and it must reflect a greater complementarity, shared interests, and a relationship that is less unequal.

63. As a result, donor countries should strive to increase aid flows over and above what the historical trend has been, and meet the commitment to bring the amount of Official Development Assistance (ODA) to the United Nations target of 0.7% of GDP.

64. In this regard, North–South international technical and financial cooperation should take into account the diversity of situations and the specific needs of States. It must act at their request. In particular, actions should consider the institutional strengthening of governments in developing countries, and bring about their integration and participation in the international financial system, the promotion of production, human capital development, knowledge development, transfer of technology, and private-sector participation with a view to equitable distribution of the benefits of trade and development.

65. UNCTAD should promote the strengthening of cooperation ties between donors, and facilitate regional integration, improve coordination between institutions, and seek complementarity and greater coherence with the actions undertaken by other agencies.

66. South–South cooperation is a manifestation of solidarity among developing countries both politically and economically that results from shared experiences and affinities. It is based on common objectives and solidarity, and is guided, among other things, by the principle of respect for sovereignty, free of any conditionality. South–South cooperation does not replace but rather complements North–South cooperation and may contribute to balanced global growth and development.

67. In this regard, UNCTAD has played a substantive role in supporting economic cooperation among developing countries, based on its three pillars. Therefore, it should strengthen its work in this area, through (a) a deepening of its research and analysis of the synergies created by South–South trade, investment and finance; (b) a refining of the tools for data collection and analysis of trends in South–South cooperation; and (c) the promotion of South–South cooperation, including interregional monetary and financial cooperation.

68. Within the development process, the support of UNCTAD to developing countries is essential in order to move towards strengthening regional cooperation platforms and building strategies to promote beneficial mechanisms for exchanging experiences and best practices, strengthening trade relations, promoting endogenous development, as well as exchange of expertise and knowledge.

69. UNCTAD can contribute to a more appropriate and efficient mobilization of development assistance and to strengthening of the productive, social, human, technological and environmental capacities of developing countries, bringing about the strengthening and concerted and technical use of triangular cooperation and South–South cooperation, as a complement to the traditional North–South cooperation. In doing so, greater emphasis should be put on creating guidelines and strategies to monitor and evaluate achievements and determine actions to be taken.

70. In this regard, UNCTAD needs to support the recommendations of the Joint Inspection Unit around the need to improve the effectiveness of triangular cooperation within the United Nations system, for example via partnerships involving developed and developing countries, in areas of interest such as agriculture, climate change, and regional public goods, among others. In addition, promoting sessions of analysis and reflection

between the actors in the cooperation, in international and regional cooperation platforms, and in platforms involving country groups and other stakeholders, in order to increase the impact on the development of developing countries.

71. The private sector and civil society have an essential responsibility for implementing cooperation activities that are designed to reduce poverty, reduce inequality, redistribute wealth, and face the new challenges of globalization. Global partnerships should contribute to developing countries' efforts in regional and trade integration, and to the implementation of the agendas for cooperation for development. Their actions should take into account the consensus on aid effectiveness, as well as regional agreements.

D. Sub-theme 3 - Addressing persistent and emerging development challenges as related to their implications for trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development

1. General overview

72. This sub-theme should focus on how to effectively address the persistent and emerging challenges to development in order to realize development-centred globalization. In terms of substance, the sub-theme should emphasize the need for quick and timely global responses to developments as they arise, and one important element in this is having a firm intellectual foundation for informed decision-making, as well as the organised and coherent transfer of technology towards less developed partners. A strengthening of UNCTAD's role in furthering this agenda is to be investigated.

73. With regard to persistent challenges, issues of enhancing the development impact of investment, strengthening financial regulation (especially in light of the global financial and economic crisis), and addressing problems of unsustainable debt, debt management, the linkages between inflation, debt and foreign reserve should continue to be effectively addressed. In addition, innovative ways and means of harnessing science and technology and innovation for development, including through technology transfer should be addressed. These issues must be approached in a constructive and proactive manner, as compared to that in years past, if the international community is to truly achieve the global partnership it aspires to.

74. The Group also reiterates the importance of transfer of technology and therefore, expects further concrete engagement with developed countries in this field. As an example, the Group would propose that UNCTAD should develop a code of conduct or guidelines on technology transfer for the benefit of developing countries. We also reiterate that developed countries must facilitate the transfer of technology and should avoid any measure which directly or indirectly hampers the transfer of technology to developing countries.

75. Another persistent challenge which merits special focus is the role of developing countries in defining the Multilateral Trading System so that it can fully play its role in development. It is therefore important in this regard to also fully address how to better integrate developing countries in the global economy, especially world trade, to fully harness trade as an engine for development. Issues of accession to the WTO, trade facilitation, aid for trade, transport and infrastructure, continue to be of great importance, especially in light of the increased vulnerability of developing countries as a result of the global crisis.

76. There are also several emerging issues which merit further attention, and these unfortunately have elicited some controversy in the past. Trade facilitation, infrastructure development, ICT and the digital divide, economic impacts of environment and climate

change, anti-trust and anti-competition and Aid for Trade are all areas that require deep and coherent thinking and decisions for UNCTAD XIII.

77. The sub-theme must address the various cross-cutting issues, for example: the developmental requirements of Least Developed Countries, as well as other groups of countries with special needs; the on-going financial crisis: intellectual property; commodities; food security; and energy security. The Group therefore expects that the outcome document will lead to strong action through the three pillars of UNCTAD.

78. There is a need to meaningfully discuss migration and development. The Group strongly believes that UNCTAD through its three pillars must squarely address the economic and development dimension of migration. The Group therefore expects that this issue will be addressed in a full and meaningful manner due to its importance, and the relevance of migration to the broader work of UNCTAD.

79. It is inescapable that there is a need to address the economic impact of environment and climate change. UNCTAD is well-positioned to address issues arising from the multi-faceted economic and development implications of environment and climate change. Of special significance are the economic aspects, and costs, of mitigation and adaptation. Also important is putting in place effective and operational arrangements for long-term international cooperation (including through the provision of finance and technology transfer) under existing multilateral instruments to support and enable developing countries in addressing the adverse impact of climate change and achieving their development goals while contributing effectively and equitably to global mitigation and adaptation efforts. Helping developing countries get development back on track after natural disasters should also be examined.

80. The LDCs issues are cross cutting in nature. UNCTAD XIII holds a special significance for the group of LDCs, as this Conference comes immediately after the Fourth UN Conference on LDCs in Istanbul. For the LDCs, this is a time of multiple transitions. There has been a transition from the Brussels Programme of Action to Istanbul Programme of Action (IPoA).

81. The IPoA (paragraph 156) calls upon the UNCTAD to continue to address the challenges faced by LDCs through conducting intergovernmental consensus building, especially in the Trade and Development Board, and to contribute to the implementation of the Programme of Action also through its technical assistance to LDCs. UNCTAD's institutional capacity in the research and analysis of LDC issues should be maintained to this end.

82. The special needs and challenges faced by the LLDCs caused by their lack of territorial access to the sea, aggravated by the remoteness from world markets and also the concern that the economic growth and social well being of LLDCs remain very vulnerable to external shocks as well as the multiple challenges the international community faces including the global economic crisis and the climate change. UNCTAD should enhance its assistance to LLDCs to help them overcome their vulnerabilities build resilience and set themselves on a path of sustainable social and economic development.

83. UNCTAD's contribution in areas of trade and trade facilitation, trade logistics, investment and technology transfer are key in addressing the specific characteristics and problems faced by these countries. For that reason, UNCTAD XIII shall address the situation faced by these countries and strengthen its work taking into consideration their specific needs and problems and assist them through policy analysis and technical cooperation.

84. UNCTAD should also assist transit developing countries with their special challenges in relation to infrastructure and transport.

85. UNCTAD must strengthen its special focus on the needs of the LDCs and Africa across all areas of its mandate and in accordance with the Accra Accord, Sao Paulo Consensus and the Bangkok Plan of Action, and also as appropriate, enhance its work on the special needs and problems of other structurally weak, vulnerable and small economies.

2. Textual suggestions

86. Regarding climate change, there are at least three types of asymmetries between developed and developing countries. First, the source of the problem: historically, developed countries have contributed far more than developing ones to the concentration of greenhouse gases in the atmosphere. Second, responses to the problem: the industrial economies are in a better position to move to a green, low carbon economy, while developing countries require significant financial resources and access to technology to make such a move. Third, the effects of climate change are far higher in developing countries because of their geographical situation and vulnerability. In this regard the principle of common but differentiated responsibilities should be upheld as we deal with climate change issues.

87. The problem of climate change must be addressed, since it threatens to stall or reverse development gains achieved so far in many developing countries, especially the poorest countries and communities who are suffering the most. Meeting the dual challenge of mitigating and adapting to climate change and supporting the growth and development priorities of developing countries is a test and a challenge for the international community. It is therefore necessary to design a new framework for inclusive growth and sustainable development. Specific measures to promote structural change must be designed: the development policies implemented under national strategies must include measures to reduce carbon emissions, as well as building the resilience of countries to adapt to the adverse impact of climate change.

88. Many human activities have had an influence on climate change and the issue has accordingly assumed major national and international scope, that is why there are different organs of the United Nations studying the problem, to find solutions or alternatives. Many of these agencies do so from the point of view of science or depending on role or nature of organization within the UN system. It is in this sense that UNCTAD, should continue to discuss this issue in light of the economic and commercial impact of climate change and the measures taken to address development prospects. UNCTAD should also explore how developing countries can benefit from the experience of other countries in implementing policies that help meet the challenge of climate change in trade and development, and explore new ways of adapting to these problems.

89. UNCTAD, in coordination with the secretariats of multilateral environment and climate change related MEAs, and in line with Trade-Related Intellectual Property Agreements, should promote the development and transfer of technology for developing countries so as to address climate change through adaptation and mitigation.

90. UNCTAD should play a role in the ongoing discussions regarding the so-called "green economy". Bearing in mind the fact that there is no agreed definition of the concept of "green economy", UNCTAD should address the issue in a vigilant fashion with a view to identify possible aspects that might have negative implications from the perspective of developing countries.

91. There is a growing need to meet energy demand in order to ensure development in developing countries. It must, however, be done sustainably, taking into account scientific and technological progress to date and respecting the environment. This is where renewable energy plays an important role. But there are still many developing countries that have no access to or cannot afford alternative energy technology, and for them the role of

technology transfer between developed and developing countries is of vital importance as it contributes to the welfare of all while protecting the environment.

92. UNCTAD should examine the trade in biofuels and other energy sources and explore opportunities to expand capacity, access and diversification; it should promote exchange of experiences and transfers of technologies, and should stimulate national and international investment in efficient and sustainable ways of producing and consuming energy. In addition to UNCTAD's work on biofuels, UNCTAD should also examine the commercialization, affordability and accessibility of alternative sources of energy.

93. Many developing countries, particularly the most vulnerable and structurally disadvantaged, still lack necessary transport infrastructure. For developing countries to participate actively in international trade it is essential that effective facilitation measures are adopted and they have access to global transport and logistics networks that reduce transaction costs. More action at regional and international levels is needed to ensure full implementation of essential trade facilitation.

94. UNCTAD should analyze the factors currently affecting the global systems of transport and trade and how they relate to each other in order to suggest policies to promote trade competitiveness and help reduce transport costs. These factors encompass a wide range of areas: economic, financial, energy, environmental, policy and technology standards. They markedly influence the efficiency of transport and trade, which are crucial in developing countries for competitiveness, trade facilitation, security, and environmental, energy and social sustainability.

95. Hence UNCTAD XIII should strengthen the role of UNCTAD in transport and logistics in order to help developing countries confront the long-standing and future challenges of improving transport systems and connections, the use of information communications technology in logistics and supply chain security, and design policies supporting environmentally sustainable transport systems that take account of the impact of climate change and analyse the effects on developing countries of unilateral policies in these areas. UNCTAD should also continue to help States give effect to international conventions and multilateral agreements on regional transport and trade facilitation as well as training and assistance in negotiations at WTO.

96. Globalization and interdependence have influenced international migration flows. This has served to underscore the important nexus between international migration and development. The impact of migration on development should be thoroughly discussed at UNCTAD in an integrated, holistic manner, looking at the challenges and opportunities for countries of both origin and destination.

97. Shared responsibility and international cooperation are key to taking advantage of migration opportunities and facing challenges such as the recent economic and financial crisis that has had a serious impact on migration and remittances.

98. Official Development Assistance and other sources for mobilizing international resources to support efforts in developing countries to eradicate poverty and promote the right to development are essential for the control of migration in search of better employment opportunities and welfare.

99. UNCTAD XIII should assess and make recommendations on how migration can support development and the achievement of IADGs including the MDGs. Under its three pillars, UNCTAD should promote consistency and overall understanding of the nexus between migration, trade and development, as well as the impact of remittances on development; it should analyze the strategic policies that developing countries can adopt. It should strengthen its work on the contribution of migrants to development; potential benefits and opportunities for trade, investment and development, and links between migrants'

countries of origin and migrant communities abroad; maximizing the benefits of remittances for development, temporary and circular migration; diaspora networks between communities abroad and their countries of origin and their potential benefits, gender-related migration; the brain drain, and migrants' contribution to their countries of origin upon returning home.

100. UNCTAD should delve into schemes to facilitate greater access of migrants to financial services and the use of such resources to generate productive capacity, such as a clear regulatory framework to prevent monopoly practices and their implications on financial transaction costs. While recognizing that these remittances are private capital, UNCTAD should strengthen its work on maximizing the benefits of remittances for development, channeling remittances to productive sectors of the economy.

101. UNCTAD must continue its work focusing on market access, regulatory issues, and institutional frameworks to facilitate the temporary movement of natural persons amongst countries.

101. Global food security is complex and multifaceted. In the current economic environment, it has become a strategic issue that requires careful analysis, comprehensive policies and urgent action by States and public and private actors to foster development.

102. New, innovative and sustainable means must be found, through the use of technology and otherwise, to increase production capacity and improve access to food, reduce poverty and improve income distribution. UNCTAD should contribute to international efforts in order to improve the functioning of agricultural markets to ensure a stable and sustainable global food system.

103. Increasing agricultural production capacity is a priority where, among other schemes, public-private partnerships can facilitate the transfer of appropriate technologies to developing countries to ensure the food supply, now and in the future, of the world's population by increasing production and productivity. UNCTAD's work in this area must meet sustainability criteria, which are essential to ensure food security.

104. Agriculture has recently been receiving increased attention in government policies. Countries are seeking new growth policies that are pro-poor, and recent food crises have highlighted the need to develop food security strategies. For example, food security is a priority issue that calls for measures to increase agricultural productivity and food availability and accessibility. Undoubtedly, growth strategies in agriculture that are compatible with structural change have several advantages.

105. While multilateral trade negotiations on agriculture lag, the multilateral trading system remains unbalanced, seriously damaging the productive potential of developing countries. UNCTAD should continue to work to ensure fair and balanced international trade, which improves the chances of increased investment in agriculture and for greater food security.

106. The challenges posed by trade in commodities are still very relevant especially in the light of the several recent global crises. The potential of commodity trade to contribute to sustainable economic growth and poverty reduction in the global economy should be acknowledged, but some fundamental flaws of the commodity economy persist: volatile prices in the sector and their impact on real incomes as a result of speculation the limited benefits that production and trade contribute to development in many developing countries; and the constant problems with diversification.

107. Commodities constitute the principal source of income for most developing countries, and play an important role in local and national development. Many if not most commodities account for much of, developing countries' exports and income and thus support economic growth and social development. Some countries are dependent on

commodities, whose volatility has been more pronounced lately, leaving producers, importers and exporters exposed.

108. UNCTAD XIII must help to ensure that opportunities are seized and the challenges to trade and its development of commodity trade are contained. It must help design appropriate policies at national, regional and international levels to capture the opportunities and at the same time, to reduce the dependence on commodities. In its work UNCTAD must encourage and promote the development of the commodity sector. It needs to encourage national policies addressing issues in this sector, among which may be mentioned structural conditions on the markets. UNCTAD should continue to strengthen its work on commodity dependent countries to diversify their economies.

109. UNCTAD should continue to assist and promote cooperation among farmers, research institutes, departments responsible for infrastructure, and so forth under different forms of international cooperation.

110. UNCTAD should strengthen its research and analytical work on the issue of commodity and development, help attract international aid to the commodity sector, support financing of commodities projects that help solve the problems of the poorest countries, and small and medium-sized enterprises with scant productive resources and ventures involved in processing, diversification and environmentally friendly product development. UNCTAD must also boost the contribution of the commodity sector by commissioning studies to recommend more appropriate diversification of production, not limited to traditional products.

111. UNCTAD should continue to analyze the consequences of the proliferation of non-tariff measures, technical barrier to trade, sanitary and phytosanitary measures, private standards, and discriminatory measures on non-commercial grounds which are drastically affecting the economies of developing and least developed countries.

E. Sub-theme 4 - Promoting investment, trade, entrepreneurship and related development policies to foster sustained economic growth for sustainable and inclusive development

1. General overview

112. This sub-theme should focus on how the various tools in the field of socio-economic development, namely investment, trade, entrepreneurship, and related development policies, can be applied to put in place a firmer foundation for prosperity and security for all especially to better protect individuals from economic shocks and market failures, including through social safety nets. This will help to fully realize development-centred globalization.

113. The Group therefore looks forward to the outcome document addressing how the various policy options can best be applied to accelerate socio-economic development, taking into account the need for a policy toolkit approach rather than a one-size-fit all approach to development.

114. The text should therefore cover, for instance, how trade in goods and services can be strengthened to build better employment including by strengthening SMEs and building productive capacities; how competition policy can level the playing field and ensure real equality of opportunity for all; how to fully harness the developmental impact of migrant's remittances; the importance of industrial development policy; reinvigorating agricultural policy; operationalizing policy space to better enable the Developmental State; mobilizing financing for development including fully harnessing the development potential of investment; strengthening productive capacity promoting public, private partnership, women empowerment; and gender mainstreaming. It is also important to address the

services sector (which includes retail trade, insurance, accounting, tourism, creative economy, amongst others), in the economy and the contribution of tourism to development.

115. Social development is one of the major issues which should be thoroughly reflected. The development aspect of FDI and job creation is an important element in investment. In this context national capacities of developing countries should be strengthened in investment projects. FDI should also contribute to the promotion of knowledge-based development and strengthening the capacity to develop technology by developing countries and to prevent the current unbalanced situation of global intellectual property.

116. In fostering inclusive growth, in addition to providing social safety nets, the role of education, science and technology, employment creation should be stressed.

2. Textual suggestions

117. FDI inflows bring both opportunities and challenges on recipient developing countries. In this regard, FDI should contribute to creating jobs, transfer of technology and know-how and access to markets and ultimately to the realization of national sustainable development objectives and structural transformation.

118. To achieve greater participation in international trade, developing countries need FDI that accords with their own development objectives and strategies and will contribute to technology transfer and the training of a skilled workforce qualified to absorb the skills acquired. For all these reasons, UNCTAD should continue its work in providing policy analysis and policy tools for developing countries, in the design of their strategies and policies for promoting investment for sustainable development in developing countries.

119. UNCTAD should continue to assist developing countries, in particular the LDCs, to improve their infrastructure, diversify their productive and services structures, incorporate value added in their domestic production, and build mechanisms that promote local entrepreneurship, via incentive programmes and the promotion of public-private partnerships for infrastructure development. These financing policies should include the integration of small, and medium-sized enterprises (SMEs) in the formal systems of savings intermediation to promote inclusive development that allows gaps to be closed both within countries and between them. In this regard, UNCTAD's support in providing technical assistance to developing countries that need it is essential – for the collection and processing of information that allows a strategy to be built, and with the aim of designing policies for inclusive development. UNCTAD should also focus on strengthening productive capacities, SMEs' market access, and training of entrepreneurs for example via the Empretec programme.

120. Among the other areas of diversification of economic activity in developing countries, such as e-commerce, can lead to strengthening of the activities of new economic actors, especially SMEs; the expanding market for goods and services derived from biodiversity that are produced under the principles of BioTrade; and the development of the industrial and traditional productive sector of a country, via programmes and projects of assistance and investment in SMEs and large-scale industrial companies. UNCTAD, in coordination with UNIDO, can, and has the means, to provide significant support in analysis of the strengths and weaknesses of the industrial sector in developing countries and their integration into world markets.

121. UNCTAD should continue and expand on the important work it has carried out, to assist with defining and implementing competition policy in developing countries, favouring those activities that are designed to achieve efficient market regulation and active protection of consumers, such as, for example, the assistance provided in the COMPAL programme.