



**STATEMENT BY AMBASSADOR MUNIR AKRAM, PERMANENT REPRESENTATIVE OF PAKISTAN TO THE UNITED NATIONS AND CHAIRMAN OF GROUP OF 77 & CHINA AT THE INTERGOVERNMENTAL CONFERENCE ON MIDDLE INCOME COUNTRIES (MICS) (Madrid, Spain, March 1-2, 2007)**

I am grateful to have been invited to attend this Conference as the Chair of the Group of 77 and China. I would like to congratulate the Government of Spain and the United Nations, specially the Under-Secretary-General for the Department of Economic and Social Affairs, for taking this initiative.

2. The Conference on Middle Income Countries (MICs) is taking place in an international context that has changed completely. The countries of the South, especially middle income countries, are playing a large and vital role in the international economy. The reasons for a new focus on the middle income countries has been recognized and elaborated in the documents prepared for this Conference as well in the strategic reasons for such cooperation presented by the President of the Asian Development Bank.

3. However, the specific and practical cooperation among and between the middle income countries and others will require a more specific categorization of the MICs. Such categorizations could be by the levels of income, by the regions in which they are located, by the products which they produce etc. The Secretary-General of UNCTAD has suggested such a technical basis for categorization. Such categorization of the middle income countries should, however, not result in further division among the Group of 77, developing countries. The members of the Group of 77, although at different levels of development, have vast common interests among themselves as well as with the global community. The major purpose of categorization should be to enable more effective action at national and international levels.

4. As regards development cooperation, most of the middle income countries are in a position to formulate and implement their own national development strategies. External development cooperation can, therefore, be nationally led in the middle income countries. The problems of coherence in external development cooperation, therefore, in their case arise on the part of the donor community.

5. I would agree that the objectives that should be pursued with regard to the middle income countries will have to be MDG plus. Many of the MICs are already well on track to achieve the MDGs by 2015. Their goals must be more ambitious. The goals must include, apart from the 8 MDGs, the achievement of the other internationally agreed development goals – the so-called IADGs. These goals which were outlined in the commitments made at the 2005 UN Summit as well as at major Conferences that have been held over the past decade – including the Doha Trade Conference, the Monterrey Consensus on Financing for Development, the Johannesburg Conference on Sustainable Development – all need to be fulfilled within a reasonable timeframe.

6. With regard to the achievement of the MDGs and IADGs, it is obvious that North-South cooperation is essential. But South-South cooperation is also increasingly important, and this is much more so among the middle income countries which have the capacity for production and trade unlike many of the poorest Least Developed and other countries that lack capacity. Apart from dynamic external development cooperation, trade opportunities are vital for the middle income

countries to achieve their development goals. The Secretariat had prepared excellent background documentation regarding the “commercial insertion and competitive advantage” of the middle income countries. These documents focus mainly on technical issues including specialization by middle income countries for trade dynamism. However, these documents are politely silent on some of the major issues which relate to the trade challenges of the middle income countries development.

7. Firstly, it must be stated that middle income countries are the most competitive among the developing countries. Their constraints arise precisely because they are competitive. Indeed the low level of international cooperation and assistance to the middle income countries may be well linked to their competitiveness in their international economy.

8. The question has been posed whether the Doha Round could be concluded soon. There are many who entertain doubts on this count. An effective and equitable conclusion of the Doha Round cannot result merely from a deal among so-called “key players”. The development agenda of the Doha Round needs to be realized.

9. The elements of a “real deal” should include:

Firstly, a substantial reduction of support for agriculture by the richer countries. All the elements of agricultural protectionism must be addressed in the solution. The MICs can also contribute to such liberalization in agricultural trade while preserving their ability to ensure food security.

Secondly, it is vital to ensure the elimination and dismantling of high tariffs and tariff escalation against the developing countries. They pay tariffs that are four times as high as those applied on trade among the developed countries. Tariff escalation against their products is an especially critical tool which is preventing the industrialization of the developing countries, including the middle income countries. And, tariff cuts must of course be differential between the developed and developing countries in the Doha Round.

Thirdly, it is also essential to hold and reverse the neo-protectionism that is being manifested by the developed countries. This is visible from the series of safeguard actions, such as anti-dumping, but also from non-tariff barriers including the arbitrary imposition of standards for safety or environmental reasons.

Fourthly, the developing countries must be enabled to have the policy space to promote industrialization, employment and trade. In this context, it is particularly important to review the WTO Agreements on TRIMS and TRIPS to ensure that they are compatible with and not resistant to the development objectives of the developing countries especially the MICs.

Fifth, the Doha Round should place much greater emphasis on resolving the special problems of the developing countries including the MICs. And, the commitments with regard to special and preferential treatment for developing countries need to be incorporated in the Round’s “single undertaking” and implemented in practice.

Sixth, there is also a need for much greater emphasis on capacity building in the developing countries, especially the poorest countries. The Aid for Trade concept is a useful one but this needs to be expanded in its scope and size in order to have a meaningful impact on the trade and production prospects of the developing countries, including the MICs.

10. In the context of capacity building and the realization of the objectives of the MICs, development banks, including the World Bank, should focus on: (i) infrastructure development; (ii)

health; (iii) education; and (iv) institution building.

11. Apart from trade, there are other major global issues which need to be addressed in order to advance the development of the MICs.
12. The first among these issues is the restructuring of the international financial system. The financial system must ensure two vital objectives: one, stability in the international financial markets; and second, access to finance for those countries which actually needs such finance and not for those who do not need it. The reform of the quotas within the IMF should keep these two parameters firmly in mind.
13. Secondly, a much greater focus is required on technology development and knowledge generation in the developing countries. In this context, the TRIPS agreement should be reviewed both in the WTO and in the WIPO to ensure a development dimension. The conclusions of the World Summit on Information Technology held in Tunis need to be realized. Technology regimes, including those which restrict transfer of technology for security and other purposes, also need to be reviewed to ensure that they do not counter the development objectives of the MICs and other developing countries. Much greater emphasis is required on education and training in advanced technologies for developing countries as well as a greater focus on research development on the development problems and priorities of the developing countries.
14. A third area, with global implications for the MICs and other developing countries, is Energy. There is much confusion with regard to the dimensions of the challenge posed by the need of energy for development. This issue is clouded with political rhetoric and vested interests. It is obvious that a closer study is required of the various dimensions of the energy challenge with a view to evolving a strategy at the global level which could meet the needs of sustainable development as well as environmental and international stability.
15. Fourth, it is obvious that the middle income countries, if they are to develop, must invest heavily in infrastructure. The Asian Development Bank has calculated that the requirements of the Asian countries alone for the investment in infrastructure is \$ 600 billion a year. Obviously, such level of investment can only be achieved through a public-private sector partnership.
16. Fifth, the environment and issues of sustainable development and Climate Change are assuming much greater salience at the international and national levels, including in the developing countries. It is important that solutions to these problems should not deflect attention from the development goals of the developing countries, including the MICs. Secondly, the developed countries which have the greatest responsibility for the damage to the global environment must discharge their responsibilities to which they have committed themselves at the Rio and Johannesburg Conferences. The Rio principles, specially common and differentiated responsibility, as well as the goals of Agenda-21 must be realized with the provision of adequate additional resources for their implementation.
17. Sixth, another emerging global challenge is Migration. The largest migration takes place not between the North and South but between the South and South. We must seek to live up to the maxim of the free movement of the factors of production. The movement of goods and finance is being liberalized. Why should not the movement of the third factor of production i.e. labour, also be liberalized? We need to see greater momentum, especially on Mode-4 in the WTO (service) negotiations, and the adoption of migration policies by all countries, which reflect the development dimension much more prominently.

18. Finally, the goals of middle income countries can be also promoted through South-South cooperation. The greatest dynamism of South-South cooperation is mainly among the middle income countries, specially those in Asia and the Latin America. This can be broadened and intensified. The strategy of international cooperation with the MICs should strengthen and not weaken South-South cooperation and the common goals of the Group of 77.

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