

Statement by Mr. Mohammad Ali Zarie Zare, on behalf of the Group of 77, at the Third Session of the Preparatory Committee for the International Conference on Financing for Development: Trade

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Trade is the most important and multidimensional mechanism for almost all developing countries to mobilize and expand the resource base, both domestic and external, for financing for development. Trade is also the major instrument for integration in the international economy which can have very positive spill-over effects, including in the areas of foreign exchange earning, expansion of domestic savings, expansion of tradable sectors, increase in competition, facilitation of transfer of technology, increase in productivity, promotion of economic growth, and eradication of poverty. The Group of 77 and China believes that Three major factors should be considered by the multilateral trade system, before discussion on the core issues of international trade could start. First, it should facilitate the economic and social development of all countries particularly developing countries; secondly, it should take into account the inequalities amongst the players and to level the playing field, taking into account differences in the relative development stages of various states; and thirdly, the trade liberalization is not an end in itself, but is a tool that seeks to facilitate economic growth and development and must be supplemented with other measures which deal with the structural vulnerabilities of the developing countries.

- We believe that Multilateral trade system should be open, fair, equitable, predictable, non-discriminatory, transparent, rule-based and development oriented and should contribute to the fulfillment of the right to development of all states, particularly developing countries. We deem it necessary to promote the participation of developing countries in international trading institutions through facilitating their accession to those institutions, including World Trade Organization, in an expeditious manner. The conventional barriers should be lifted and not be replaced by new constraints for trade. Developing countries continue to face an external environment that substantially constraints their export growth in their most relevant and competitive economic sectors. Support for market liberalization and improvement of standards and safeguards for goods and services should not undermine the international trade. Trade liberalization in developing countries should be sequential in developing countries in order to limit the heavy social and economic costs associated with adjustment policies, including in terms of reduction of employment, output and fiscal revenues. Therefore, it should also be complemented with binding provisions that allow appropriate time-frames for the implementation of existing and possible future WTO Agreements as well as greater diversification and a substantial expansion of national productive capacities of developing countries. To this end, technical and financial assistance including transfer of technology are necessary for creation of necessary capacities in developing countries to facilitate their gradual trade liberalization consistent with development and poverty reduction strategies as well as, risk management of such liberalization.

- The Group of 77 and China believes that for enhancement of development dimension of multilateral trade system which will contribute towards the full enforcement of the right to development of the developing countries, there is a need for a "fast track" within the process of the World Trade Organization for the consideration and implementation of the matters of great interest to developing countries, including the special provisions for developing countries adopted within the context of Uruguay Round. It is also necessary to correct the asymmetries and imbalances of the current trade regimes that hinder or negatively affect the development prospects of the developing countries. We also stress the need to expand and bind the provisions on Special and Differentiated Treatment for developing countries in export of goods.

- We also call for a free, secure and predictable access to the markets of developed countries including through avoiding discriminatory and unilateral trade measures, better transparency, prohibition of the use of technical, social, labor, environmental and phytosanitary standards for protectionist purposes; improving

multilateral discipline, avoiding discriminatory or stringent rules of origin; and promoting multilateral discipline on antidumping and countervailing duties and safeguard measures. Market access for developing countries particularly for textile products, agriculture and other goods and services of interest to developing countries, including movement of natural persons for commercial reasons is quite imperative. Let me also emphasize that in general for trade to begin and exchange goods and services and to have continuity, both sides should be able to export goods and services that they have comparative advantages in, and any political momentum should be based on the benefits and opportunities that trade of goods and services could provide for global prosperity for all.

- Regional integration could facilitate the integration of developing countries in the global economy through strengthening the policy and decision-making framework and enhancing the capacity of developing countries to expand trade and investment as well as preparing various economic sectors for competition with other producers at the regional level and to enable them to better understand external environment. Intra-regional cooperation could also expand the vision and scope for competition at global level.

- As it is well known market access is not sufficient for developing countries and it should be complemented by measures that will allow our countries to enjoy the advantages of more commercial access. The full integration of developing countries in the global economy requires more aggressive and effective measures by the international community to overcome supply-side constraints and improving trade infrastructure in developing countries, and in this context, particularly the special needs of Africa, LCD's, Small Island Developing States, Land Locked Developing Countries and Transit Developing Countries. Substantial technical and financial support by the multilateral and regional development banks and the donor community to strengthen the national capacities, including technological, human, entrepreneurial and infrastructural capacity of developing countries to make possible food self-reliance. Such assistance and support is also necessary for developing the knowledge, skills and local capabilities on sanitary, phytosanitary and technical international regulations as well as creation of a global, fully-funded programme to assist developing countries to remove supply-side constraints and improve trade infrastructure. Any trade liberalization program should be complemented with strong measures to diversify and expand the export and productive capacity in developing countries in order to accelerate their economic growth and reduce their vulnerabilities that arises particularly from commodity price instability. Multilateral development banks should spearhead the development of a major program to assist developing countries in diversifying their export base both in terms of the product mix and market destination.

- Fluctuation in commodity prices causes significant damage to the exporting developing countries. They can, among others, jeopardize budgetary planning, adversely affect the activities of farmers and other producers and increase cash flow uncertainty for processing companies. Despite the positive steps taken in creating compensatory mechanisms to address short-term fluctuations in export earnings, there is still a strong need for new and innovative steps to be taken including promoting the compensatory mechanism, strengthening supply-side in developing countries, enhancing diversification of export products, devising more flexible mechanisms for supporting balance of payment difficulties, and finally creating the capacity to benefit from market instruments for more stability in earnings from exports. The Group of 77 and China also supports any initiative, including market-based initiatives by relevant international organizations, toward establishing a new global facility to help promote developing countries' access to commodity price risk management through various mechanisms and instruments.

- Trade should not be treated in isolation and the international trade, monetary and financial systems are mutually reinforcing and as a consequence, there must be consistency and coherence between them in support of development. Due to its universality and strong political commitment to development, the United Nations should play a central role in the management of global economic integration and in the promotion of an open and democratic policy dialogue to ensure good governance at the international level. In creation of such a conducive and mutually supportive environment at the global level We believe that following activities are

necessary:

- Macro-economic coordination between the major world economies as well as at the regional level to secure stable exchange and interest rate, which will be conducive for international trade,
- The WTO should follow full transparency and participatory process including in its informal decision – making processes, it should concentrate intrinsically on matters related to trade, and accelerate the process of accession by developing countries,
- Establishing an institutional arrangement between the United Nations, WTO as well as a triangle arrangements with BWIs to strengthen consultation and coordination.

Finally , We support a renewed international development cooperation , based on sustained and high economic growth, financial stability, social equity and poverty eradication in developing countries through:

- Bound, duty-free, non-tariff barriers-free and quota-free access for developing countries by developed countries for all goods and services;
- Substantial financial support to the Integrated framework to effectively support beneficiary countries and its enlargement beyond LDCs;
- Appropriate measures including actions by the BWIs and WTO to facilitate the full participation of all developing countries, in particular LCD's, SIDS and Land-Locked Developing Countries in the global economy;
- Strengthening human, regulatory and institutional capacities including the capacity to engage in negotiations on trade, finance, technology transfer and related areas, as well as, facilitating capacity-building in developing countries who are prone to the natural disasters and promoting insurance schemes by the relevant international organizations.

Thank You, Mr. Chairman,