



**STATEMENT BY HIS EXCELENCY AMBASSADOR NASSIR ABDULAZIZ AL-NASSER, PERMANENT REPRESENTATIVE OF THE STATE OF QATAR TO THE UNITED NATIONS AND CHAIRMAN OF THE GROUP OF 77, BEFORE THE SECOND COMMITTEE OF THE GENERAL ASSEMBLY ON AGENDA ITEM 83(a): "TRADE AND DEVELOPMENT" AND AGENDA ITEM 83(d): "COMMODITIES" ( New York, 2 November 2004)**

Mr. Chairman,

Thank you for allowing me to speak on behalf of the Group of 77 and China on agenda item 83(a) Trade and Development and item 83(d) Commodities.

On Trade and Development, we thank the Secretary General and UNCTAD for their comprehensive assessment of developments in the international trading system and related outcomes of UNCTAD XI together with the WTO's July package.

We welcome the successful conclusion of the UNCTAD XI, convened on 13-18 June 2004 in São Paulo, and its outcomes contained in the Spirit of São Paulo and the São Paulo Consensus (SPC). The Sao Paulo Consensus reaffirmed the objectives in the Millennium Declaration of upholding and safeguarding of "an open, equitable, rule-based, predictable and non-discriminatory multilateral trading system" and highlighted some of trade and development issues as a prerequisite for assuring development gains from the international trading system and trade negotiations for developing countries. The SPC inter alia called for the following:

- Ensuring equity, fairness and justice in the trading system and negotiations so as to address significant asymmetries in the size, capacity, resources, and competitiveness between developed and developing countries.
- Increased and effective market access and entry conditions in agriculture, manufactures, and in the context of services exports of developing countries, particularly in respect of Mode 4.
- Elimination of non-tariff barriers including the abusive use of antidumping measures, technical barriers and sanitary and phytosanitary measures, and restrictive rules of origin.
- Positive and appropriate measures to mitigate the adverse impact of the erosion of preferences and address their low utilization should be formulated and implemented.
- Improving competitive domestic supply capacity in developing countries, including strengthening their participation in dynamic global value chains.
- Stressing the need for the international trading system to allow for legitimate policy space necessary for developing countries to pursue a pro-active, strategic mix of trade and development policies suited to their initial conditions, dynamic comparative advantage and changing needs and circumstances.

The adoption earlier this year of the so-called "July Package" by the WTO General Council represents a major achievement - it should make it possible for all parties to reengage and move forward in negotiations after the setbacks experienced at the Cancun Ministerial Conference last year.

From the perspective of Group of 77 and China, the post-"July package" negotiations should achieve certain priorities.

First and foremost, an open, transparent, inclusive, democratic and more orderly process and procedures must be instituted for the effective functioning of the multilateral trading system, including in the decision-making process, so as to enable developing countries to have their vital interests duly reflected in the outcome of trade negotiations.

Second, specific development needs and interests of developing countries should be fully addressed so as to ensure equitable and balanced outcomes within and across the areas of negotiations.

We continue to attach utmost importance to the implementation-related issues and concerns, and special and differential treatment (SDT). These issues are litmus test for development dimension of the MTS. We need to redouble our efforts to find an appropriate solution and take action by specific date with regard to the outstanding SDT and implementation issues.

Agriculture remains the centerpiece of negotiations and is of particular importance to developing countries. These negotiations should aim at the elaboration of full modalities that would achieve substantial improvements in market

access, the reduction of, with a view to phasing out, all forms of export subsidies, and substantial reductions in trade-distorting domestic support. The modalities should operationally incorporate effective special and differential treatment and takes into account specific development needs in all its three pillars of negotiations including food security and rural development as well as concerns of LDCs and Net Food-importing Developing Countries.

We welcome the commitment to address cotton issues "ambitiously, expeditiously, and specifically". The "Subcommittee on cotton" should monitor closely the progress with a view to fulfilling the commitment.

In this connection, we note with great concern that a large number of developing countries, particularly LDCs and commodity-dependent developing countries, continue to remain marginalized in international trade and the trading system and are still vulnerable to external shocks. The commodity sector continues to be the mainstay of the economy of many developing countries in terms of the generation of income, savings and foreign exchange, as well as employment and livelihood, particularly for the poor and women. Special attention thus needs to be paid to the sector both by developing countries and by the international community, including under the Doha negotiations.

With regard to non-agricultural market access, we emphasize that the NAMA Framework contains the "initial elements" for full modalities. Developing countries have concerns with these elements. The key is for removing tariff peaks and escalations on exports of developing countries in their major markets and attaining improved market access. At the same time, negotiations should fully take into account the special and differential treatment including "less than full reciprocity" in reduction commitments and address specific development concerns of developing countries.

Of particular importance to a number of developing countries is the liberalization in textiles and clothing sector, and the prospective expiration of quota-system in 1 January 2005 under the ATC. We reaffirm that this carve-out should be terminated by 1 January 2005, and should not be replaced by new barriers such as contingency protection measures.

LDCs should benefit from duty-free and quota-free market access conditions for all products in accordance with the commitments made at the Fourth WTO Ministerial Conference, and the Brussels Programme of Action adopted at the Third United Nations Conference on the Least Developed Countries.

In respect of services, negotiations should ensure effective multilateral commitments on services sectors and modes of supply of export interest to developing countries. In particular, effective and commercially meaningful liberalization of temporary movement of natural persons under Mode 4 need to be achieved through the high-quality offers that would de-link mode 4 from mode 3 commitments, address economic needs tests, clarify regulation regarding work permits, visas and other administrative regulations, make progress on Article VI.4 disciplines, recognition of qualifications and enlarge the scope of commitments contained in the initial offers of developed countries to all categories and levels of skills including to semi- or less-skilled workers. Due attention should be given to infrastructure services including in connection with provision of essential services.

It is important to apply, in WTO negotiations, the principle that there be synergy and proper sequencing between the capacities of developing countries, their level of obligations, cost of implementation and the adequacy of financial and technical resources made available to them.

All countries should benefit from the MTS, and the universality of the system, in turn, strengthens its legitimacy and viability. We therefore believe that efforts should be redoubled towards the strengthening and attainment of the universality of the WTO. We call for accelerating the accession, without political impediments and in an expeditious and transparent manner, of all developing countries, in particular LDCs, that apply for membership in the WTO, including through the effective and faithful application of the WTO guidelines on accession of the LDCs on terms commensurate to their level of development.

South-South trade cooperation has emerged as a complementary avenue to multilateral trade in the context of the new trade geography of international trade. In this respect, we note with satisfaction the milestone decision reached by developing country Ministers in June 2004 to launch the third round of negotiations under the Global System of Trade Preferences among Developing Countries (GSTP), based on the principle of mutuality of advantage.

We call upon the UNCTAD to monitor and assess the evolution of the international trading system and of trends in international trade from a development perspective, and in particular analyze issues of concern to developing countries, and help develop capacities in developing countries to establish their own negotiating priorities and negotiate trade agreements, particularly under the Doha work programme.



We further call upon UNCTAD to undertake comprehensive work on commodities including specifically through the operationalization of the International Task Force on Commodities created at UNCTAD XI.

Mr. Chairman,

On Commodities, the Group of 77 welcomes the report of the Secretary General on World Commodity Trends and Prospects as contained in document A/59/304. We do so particularly since it holds out some hope for developing commodity producing countries of improved demand and market conditions, as a result mainly of increased South-South trade in commodities.

Mr. Chairman,

Our comment on improved market access conditions with-in the negotiations in the WTO apply to the commodity sector as well. The prospect of improved market conditions is all the more important since a large number of LDCs and other commodity-dependent developing countries remain marginalized in international trade and are still vulnerable to external shocks. The commodity sector is the mainstay of the economy of many developing countries in terms of generation of income, savings and foreign exchange, as well as employment and livelihood, particularly for the poor and women. UNCTAD rightly emphasizes the strong relationship between commodity dependence and poverty and the poverty reduction of the 49 LDCs. The report states that 2 billion people depend for their livelihood on the commodity sector. The chances of achieving the Millennium Development Goals, especially the Goal on poverty reduction, therefore, depend to a large extent on improving the returns to developing countries from commodity production and export. The historically low level of real prices does not bode well in this respect.

Special attention thus needs to be paid to the commodity sector both by developing countries and by the international community. Whereas developing country governments need to make efforts to improve productivity in the agricultural sector and remove supply-side obstacles, however, these efforts require inputs of foreign resources and expertise in order to be effective. Consequently, the provision of development assistance is of utmost importance. It is regrettable that the flow of assistance to the agricultural sector has declined, as pointed out by UNCTAD, and we hope that this trend will be reversed.

The reform of the multilateral trading system is also extremely important. However, price instability in commodity markets will remain a challenge both to governments of developing countries and to commodity producers and exporters. There is a need for measures to reduce the negative effects of price fluctuations, but there is also a need to review the experience of compensatory financing schemes with a view to making them more operational and more responsive to the needs of commodity producers and governments of commodity dependent developing countries. The problem of persistent oversupply of some commodities and the resulting depressed prices also need to be addressed.

Diversification into other products remains the best long-term solution to these problems, and in this connection, the new International Diversification Fund, as proposed last year by the Group of Eminent Persons on Commodity Issues would play a crucial role. We urge our development partners to give a renewed and constructive consideration to the specificities of the proposal. These include a focus on developing private sector capacity, strengthening institution-building and developing strong producer organizations with a proper role for the majority of producers that is, small scale farmers and particularly women, developing key infrastructure, and stimulating investments.

Mr. Chairman,

For commodity dependent developing countries to benefit fully from the "window of opportunity" identified by UNCTAD, efforts are needed not only by governments and the international community but also in cooperation with the private sector and the civil society. It is against this perspective that the Group 77 welcomes the launching of the International Task force on Commodities at UNCTAD XI. We have high expectations of this Task Force, which should serve as a mechanism for achieving greater coherence in the integration of commodity issues in developing portfolios, collecting and sharing best practices and lessons learned, and maximizing the mobilization of resource flows, thus bringing additional vigor and coherence to dealing with commodity problems. Accordingly, we urge donors and international organizations to contribute to the practical implementation of the Task Force and we look forward to cooperating with all other interested parties in its important work.

Thank you Mr. Chairman.

