

Propositions for making trade a real tool at the service of development

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NGOs members of Coordination SUD, the French coordination body of NGOs laud the role played by UNCTAD in assisting the deciding authorities in their reflection and decision-making processes for determining the link between trade and development. Since its inception in 1964, UNCTAD has provided evidence of its analytical capabilities and its relevance on questions of trade policy, regional integration, reinforcement of production capacities, regulation of distribution of commodities, climate change and environment, as well as aid for trade.

UNCTAD should, however, strengthen its measures to promote a more solidarity-based globalization apparatus which is more favorable to the most vulnerable and underprivileged sections of the population. This can be achieved by reconciling economic theory and the *Economic, Social and Cultural Rights* (ESCR) of populations covered by the 1966 Pact. The organizations' recommendations to regulate global trade and to bring about more coherence between different policies (trade policy, agricultural policy...) strive for the adoption of a more moderate and coherent strategy which ensures that the benefits of globalization are more widely distributed. Moreover, our organizations are in favour of giving importance to the ESCR over international trade rules and the United Nations system over the Bretton Woods Institutions

With the next UNCTAD XII in perspective, the ISO members of *Coordination SUD* wish to reaffirm a certain number of principles that these members share with their developing partner-countries. **The regulation of trade, maintenance of trade preferences accorded under the WTO, and support for regional integration are requisite conditions for developing countries' participation in a more economically viable development plan, which is also socially equitable and environmentally sound.**

1. For development, regional markets must be protected

a) *Support for Regional Integration*

We support the goal for setting up of zones of regional integration, and we believe that priority has to be accorded to the development of regional-level markets. These zones will enable these markets to grow, bring about economies of scale and thus bring about an improvement in the standard of living of the populations. Regional integration has to be built by the concerned states in coordination with their civil societies; it should not be imposed in the form of markets forcefully brought into existence by trade negotiations. All trade negotiations of bilateral type (for example, the European Union and the ACP countries (Africa, Caribbean and Pacific), should respect the process for regional construction in progress.

b) *Protection and Respect of Priorities of Developing Countries*

Trade accords between regions should enable the States that are signatories to put in place measures which can allow them to name a certain appropriate number of Special Products that they wish to protect. This may be due to the importance of these products in food security. These measures should also allow them to guarantee living conditions and rural development, and recourse to a Special Safeguard Mechanism, which in turn should enable them to take timely measures for the protection of markets that can withstand a sudden increase in imports or a significant fall in prices.

Moreover, the creation of regional level common markets necessitates the installation of common customs duties (the External Common Tariff or the ECT) which enables protection of economies from competition between imports and local production

c) *Risks related to the Loss of Revenue from Customs*

The suppression of customs duties on imported products and in intra-regional trade, added to the reduction of customs tariffs resulting from the application of lower ECTs, can lead to a considerable reduction of customs revenues of the State for certain developing economies. In fact, these revenues

are strongly dependent on customs taxes. The state in turn finds its capacities for investment in infrastructure, social, education and health programmes reduced; this is an added risk that weights heavily on the success of programmes for regional integration.

Liberalisation is not in any way a miracle remedy, and experience shows that liberalisation itself can be a major cause for the poverty of certain fringe populations. Thus we cannot but recommend the most progressive and the longest possible liberalisation process. Such a process would give enough time for regional integration programmes to have a sufficient spread effect and enable the state to acquire the necessary revenues to replace customs taxes; all this without jeopardizing their budgetary equilibrium.

2. Market access alone cannot stimulate exports

If development of exports and trade does not constitute the only way to development, it still contributes to supporting economic development of developing countries, and it is thus essential that these countries benefit more from it.

However, we would like to underline the fact that the reduction of customs duties in Third World countries is not a sufficient condition for stimulating exports. The objective of increasing trade flows cannot thus be reduced to a debate on tariffs and customs protection.

In order that exports really develop, and this in turn favours the poorest populations, it is necessary to rely on reinforcement mechanisms for the productive sector in developing countries, especially emphasizing the sanitary and phytosanitary standards, and generally product quality. It would also be advisable to encourage the development of infrastructure necessary for trade (transport and telecommunications). Under this method of development, small and medium enterprises and agricultural producers' organisations should be primarily encouraged.

3. Development cannot be reduced to trade alone: coherence between trade, development, agricultural and environmental policies is indispensable

If the conditions enumerated above are adhered to, development of trade can stimulate economic development. However, in order to really talk about sustainable development, over and above these conditions it is necessary that the positive effects on the social and environmental dimensions should be sufficiently visible, and that decision-making should adopt a participatory approach.

Ensure that States maintain control over their Development Programmes

In our view, it is fundamental for states to elaborate a redistributive policy as well as ambitious social policy such that the gains of economic development are not confiscated by the richest fringes of the population or by foreign investors, and that they reach the poorest of the populations

Bigger regional trade groupings are likely to attract foreign direct investment (FDI). In order to be prepared for this, we estimate it important that developing countries reinforce their capacity to regulate these investments and that social and environmental priority be negotiated. Foreign direct investors could thus become the levers of sustainable development

Guarantee Sufficient and Unconditional Aid

Stimulation of regional integration and exports in developing countries makes the involvement of additional means necessary. The developed countries' aid for development and cooperation should be adjusted accordingly (and without prejudice to the reduction of aid reserved for social, educational and health programmes in the guise of reinforcement of trade). Neither should aid for cooperation given by the developed countries become a bargaining point for trade negotiations with the developing countries (for example, opening up of their markets being an attached condition).

Ensure that Common Agricultural Policy and Development goals of the South go Hand-in-Hand

In Hongkong in December 2005, the European Union committed itself to put an end to agricultural export subsidies by 2013, and to most of them by 2008, on the condition that the United States and other concerned countries agree to do the same. However, this will not be sufficient for dumping (that is, export of a product at a price below its cost of production) to be brought to an end. Products which have been granted any form of domestic aid (especially stand-alone aid) should not be allowed to reach export markets. Assistance should be evaluated based on its effects on production of a surplus, competition between agriculturists, and preservation of the environment. In Europe, the agricultural supply-control mechanism should be preserved, and not dismantled if production has to be adequate to meet internal demand.

Integrate the Environmental Dimension

The development of regional trade leads to emission of greenhouse gases at a time when the international community is seeking ways to reduce such emissions. In our opinion, it would be right for the European Union to raise its efforts for reduction of greenhouse gas emissions in order to compensate for the increase in emissions resulting from development of trade with ACP countries, and favour means of transport with the least polluting capacity.

Position adopted by the Food and Agriculture Committee of Coordination SUD

**(Report prepared by Oxfam France–Agir ici, CCFD, CFSI, GRET, Peuples Solidaires, IRAM,
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