

UNCTAD XII pre-Conference negotiating text

Chair's text containing amendments proposed by the Preparatory Committee on first reading, as amended on second reading (as far as para. 121) *

- Text that has been ~~struck through~~ indicates that a proposal has been made to delete the text in question
- Text in **bold** indicates proposed additions
- Text in ***bold italics*** indicates a proposed amendment to an addition
- [Square brackets] indicate alternative versions of the same text, a proposal to delete an entire paragraph or sizeable piece of text, or text about which doubts have been expressed

UNCTAD/IAOS/MISC/2007/30

* This text replaces the previous consolidated text, and will be the text projected on-screen in the second reading of paras. 122-173.

Introduction

Addressing the opportunities and challenges of globalization for development

1. Since early 2000, the fast-accelerating globalization of trade and capital flows has brought rapid economic growth to many countries, including developing countries and countries with economies in transition. Following an extraordinary increase in their exports, many of these countries have significantly increased their real income and enjoyed growth in employment and a reduction in poverty. ~~Many~~ **Some** appear to be on track to meet the Millennium Development Goals. (EU) ~~Many appear to be on track to meet the Millennium Development Goals. (US)]~~

2. However, these advances have not **yet** (EU) been shared by all, [and ~~some~~ **many developing** countries, particularly the least developed countries, and ~~many African~~ **most countries in Africa, the host continent of UNCTAD XII**, have not been lifted by the economic recovery **although they have made efforts to face the challenges of globalization.** (G77) ~~Pockets of~~ **Where** extreme poverty remains, ~~these are~~ **this is** linked to, **inter alia,** (G77) commodity dependence, a lack of productive capacity and a lack of access to basic services **as well as inadequate and weak legal and regulatory frameworks, institutions, governance and transparency (US).**] *(delete from "and some" to "transparency" (Canada)* A major challenge for the international community today is to ~~ensure~~ **promote policies that assist countries in structuring themselves to take advantage of the opportunities created by globalization so that globalization is can be** (US) a positive force for all people, men and women alike, **and to tackle its negative** (EU) consequences. (G77)

- 2 alt. (deleted)

3. ~~It is increasingly acknowledged that~~ **The** (US) pro-development impact of globalization is not a given, but needs to be ~~indeed~~ **supported** (US) by political decisions and actions **at all levels (G77) that promote open trade, investment and other private financial flows.** (US) These should recognize **also** (US) the interplay between the economic, social and environmental dimensions of globalization. **Sustainable and equitable development includes good governance, promoting respect for human rights and democratic processes, as well as political, economic, social and environmental aspects. In particular, good governance is a key component of policies and reforms for poverty reduction and global security as well**

as for the promotion of democracy, human rights, the fight against corruption and the rule of law. (EU) Hence, national, regional (G77) and international policies and development strategies should aim to [identify and strengthen institutions and (G77)] [promote good governance and identify other (US)] instruments that can [bridge the development gaps and perceived systemic failures by harnessing the positive forces of globalization and address its negative impact (G77)] [address development challenges and harness the positive forces of globalization (EU)].

4. [Such policies should be **flexible and (G77)** sensitive to the context, needs and levels of development of each country which applies them.] [**Such policies should take into account the needs and levels of development of each country, and especially the LDCs. (EU)**] **The policies applied by Governments are to be based on the recognized economic, social and environmental needs of individual countries. The challenges faced by LDCs in particular are not identical to those faced by other developing countries and countries with economies in transition. (EU)**

4 alt. (deleted)

5. The emergence of some developing countries as ~~leading~~ **[more active (G77)] [major (Canada, EU)]** players in international trade and financial flows has been a particularly important feature of the globalization experience of recent years. ~~It has already contributed to growing economic cooperation and exchanges between developing countries. (G77)~~ In the long term, these emerging international economic relations have the potential to enhance development and enrich multilateralism. [**The enduring imbalances in economic relations between developed and developing economies persist and need to be addressed. (delete – EU, US, Canada, Japan)**] [**South–South economic cooperation is a complement rather than a substitute for to (EU) North–South cooperation. (G77)**] **A fair and equitable multilateral trading system free from imbalances should be the ultimate goal. (EU)** However, a successful process of balanced global development requires **both South–South and North–South economic cooperation and does not supplant (Japan) efforts to address the enduring imbalances in economic relations between advanced and developing economies bring about integration into the global economic system by all developing countries. (US)** *(delete last sentence – Canada, G77, EU)*

[5 bis. The increasing interdependence of trade, development and related issues should be acknowledged, and we should recognize the important role of UNCTAD as the ~~only~~ (Japan) institution with universal membership and the mandate to serve as ~~the legitimate~~ a (Japan) global focal point for integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development. (G77)] *(delete para. – US, EU)*

[5 ter. The increasing complexity of global trade itself, combined with emerging trends and issues in related areas, lends UNCTAD XII added significance. The Conference must therefore, in UNCTAD's tradition of a comprehensive and holistic approach, examine these issues and both foster a clear understanding of the full implications and dimensions of these issues and present feasible ways and means of ensuring that the impact of trade on development will be maximized, including by ensuring that the multilateral trading system contributes its full share to global growth and development. (G77)] *(delete para. – EU, US, Japan)*

5 quater. That complexity implies that UNCTAD should continue its important role in the ~~broader prioritized~~ (Japan) agenda on development and globalization as provider of independent analysis and policy recommendations for developing countries. Research and analysis should be ~~strengthened further~~ *focused and streamlined*, (US, Japan) as one of the three pillars and basis of UNCTAD's work programme. (G77) [The research should address emerging and challenging issues on the international agenda in relation to strategic issues in the formulation of macroeconomic and structural policies, including debt and financial flows, poverty reduction and new patterns of interdependence in the world economy. (G77)] [The research should address issues of importance to member States. (US)] *(delete last sentence – Japan) (delete entire para. – EU)*

[6. ~~In short,~~ There (G77) is a need for strategic coherence between national and international perspectives and actions. (G77) This means that proactive policies at the national level in developing countries should be supported at the multilateral level, in a global partnership for development. (delete from "In short" to "This means that" – EU) Proactive trade and development policies at the national level in developing countries should be supported at the multilateral level and vice versa, in a global partnership for development aimed at coherence of both levels. (EU)] *(delete para. – US, Japan)*

6 alt. ~~In short, there is a need for~~s Strategic coherence between national and international perspectives **can result in more effective policies.** (US) This means that ~~proactive~~ **appropriate** (US) policies at the national level in developing countries should be supported at the multilateral level, **and vice versa,** (EU) in a global partnership for development.

6 bis. The Conference reaffirms the São Paulo Consensus and stresses that UNCTAD should help chart the course towards 2015, when the global community will take stock of its success and pending actions in implementing the global development agenda and the Millennium Development Goals. UNCTAD should contribute to a process that will ensure that when the global community meets in 2015, it will be to celebrate the victory of global solidarity over poverty. UNCTAD can help evaluate what needs to be done to meet the persistent challenges of globalization and to effectively accomplish the internationally agreed development goals in a timely manner. (G77)

6 bis alt. The Conference builds on the São Paulo Consensus and stresses that UNCTAD should help chart the course towards implementing the global development agenda and reaching the Millennium Development Goals by 2015. UNCTAD can help [evaluate what needs to be done to meet the persistent challenges of globalization and (EU)] [countries in structuring themselves to take advantage of opportunities created by globalization and thereby contribute (US)] to effectively accomplish the internationally agreed development goals in a timely manner. (EU)

6 ter. UNCTAD should make a substantial contribution to the implementation of and follow-up to the outcomes of global conferences, *when so requested in those outcomes.* (EU) It will contribute, *within its trade and development mandate,* (EU) *its limited resources and in accordance with member States' priorities* (US) to the implementation of [international (G77)] [*internationally agreed* (EU)] development objectives and goals, including the Millennium Development Goals. [UNCTAD should contribute to the implementation of specific actions requested in the Programme of Action for the Least Developed Countries for the Decade 2001–2010, the Monterrey Consensus of the International Conference on Financing for Development, the Johannesburg Plan of Implementation agreed at the World Summit on Sustainable Development, and the Declaration of Principles and the Plan of Action of the World Summit on the Information Society. It should also contribute to furthering the implementation of internationally

agreed goals in the Doha Ministerial Declaration and other relevant decisions. (G77)]

(delete last two sentences – EU)

6 quater. The promotion of gender equality and the enjoyment of human rights by women and girls are goals in their own right and are also instrumental and key to achieving internationally agreed development goals, including the Millennium Development Goals. There are close links between sustainable achievements in poverty reduction and development and the empowerment of women, including their political empowerment. Gender equality and women’s empowerment should be mainstreamed in UNCTAD’s policies and practices. (EU) *(place para. elsewhere – G77, Russian Federation)*

I. Sub-theme 1: Enhancing coherence at all levels for sustainable economic development and poverty reduction in global policymaking, including the contribution of regional approaches

A. Policy analysis

7. Over the past two decades, national economic reform agendas have tended to rely **[increasingly relied (EU, US)]** on market forces for more efficient resource allocation, focusing on improvements in the incentive structure and reduced State intervention. **These policies have been largely successful in promoting overall growth and stability. (EU)** However, ~~proactive~~ **national (US) policies, at the national and international levels, (G77)** that support capital accumulation and ~~productivity enhancement~~ **institutional reforms, such as predictable, sound macroeconomic policies, a transparent and predictable legal and regulatory environment and a progressive, transparent and accountable internal revenue service, (US)** are still needed for successful integration into international economic relations and for sustained improvements in the welfare of all groups of the population. Moreover, national development strategies must take into account the needs and circumstances of each country, as well as the need for specific policy instruments at different stages of development. Sudden wealth acquired from rapid increases in commodity prices could pose new challenges for national development strategies and governance. ~~International rules and regulations must leave adequate flexibility for~~ **Within the context of international rules and regulations, including the flexibilities contained therein, all nations need to develop (US) policy instruments to support capital accumulation, technological upgrading, structural change and inclusive and equitable development. *(delete last sentence – EU)***

8. ~~[National governance policies, supported by an enabling international environment, are (G77)]~~ **[Good national governance in support of sustainable development (EU, US)]** is a critical determinant of rapid **and stable (EU)** economic development. [While institutional arrangements fulfil similar functions in different countries, their form varies from country to country, as well as within the same country over time. Likewise, the diversity of cultures and historical experiences means that, while general principles can be identified, there is no ~~[finished single] (G77)]~~ **[one precise (US)]** model for improved, growth-enhancing governance and institutions. *(delete – EU, US, Canada)* **However, there are well-researched, robust measures of good governance that Governments can use. These are the World Bank Institute indicators of good governance, improvements in which are strongly correlated with economic growth. These indicators cover six policy areas: voice and accountability; political stability and absence of violence; government effectiveness; regulatory quality; the rule of law; and control of corruption. (US)**

8 alt. (deleted)

9. Regional integration and cooperation has become a prominent feature of the international economic landscape. Geographical and cultural proximity offers considerable advantages in a range of economic areas. The further integration of developing countries and regions contributes substantively to supporting national development agendas and fostering economic growth and efficiency. It helps provide landlocked **developing countries, and small and vulnerable economies and (EU)** island developing States, especially LDCs, with new trade opportunities.

[9 bis. Regional integration initiatives and agreements have become a notable feature of the international trading system. Given the growing number, membership and coverage of such initiatives, including regional trade agreements, their impact on the international economic system will be significant. Therefore attention needs to be paid to their development impact on developing countries. (G77)] *(delete para. – EU, US)*

~~[10. The global economic system lacks coherence at the levels of monetary and financial cooperation. (EU) This imbalance threatens the stability of the multilateral trading system. While tariff and non-tariff barriers should be at the centre of trade negotiations, in small, open economies the exchange rate is [among the single most influential price prices and to some extent dominates (G77)]~~ **[the single most influential an important price and dominates**

influences (EU)] overall competitiveness. International experience has shown that large and abrupt exchange-rate movements are a major threat to trade agreements. Exchange-rate volatility affecting regional currencies may distort trade flows and undermine trade integration. Yet surveillance and regulation in these critical areas lack the degree of discipline achieved in the multilateral trading system.] (*delete para. – US, EU*)

[11. Large current-account imbalances have become a central feature of the world economy. This increases the risk of disruptive movements in the exchange rates of the major currencies, with severe implications for the outward-oriented economies of developing countries. ~~Meanwhile, several emerging market economies are opting for self insurance by holding large amounts of international reserves, rather than using the protection mechanisms provided by international financial institutions. This worrisome trend marginalizes existing institutions and leads to the adoption of second best policies. Some countries are opting for alternatives to the protection mechanisms provided by international financial institutions, whose credibility among developing countries has been eroded, as their policy prescriptions are on a one-size-fits-all basis. (G77)]~~ (*delete para. – EU, US*)

[12. The past few years have been characterized by a favourable international environment for the external debt of developing countries. ~~Ample Improved (G77)~~ global liquidity and policy improvements in developing countries have reduced risk aversion among international investors and resulted in large flows of private capital to middle-income developing countries. However, recent episodes of financial turmoil indicate that these favourable conditions may not last forever. Moreover, a few developing **countries** and **countries with economies in transition countries (G77)** are still characterized by large current-account deficits and ~~overvalued exchange rates~~ **exchange-rate misalignments. (EU, G77)]** (*delete para. – US*)

[13. ~~While many middle income countries can partly finance development goals by accessing the international capital markets,~~ Low- (G77) and lower-middle-income countries rely almost exclusively on development finance. Thus, aid flows and cooperation in its delivery are vital to **supporting their own (Japan)** efforts to achieve internationally agreed development goals. **Many donors, such as the G-8, meeting at Gleneagles in 2005, and the European Union, have made valuable commitments to increase aid as part of a the global (EU) partnership based on shared responsibility with beneficiaries-responsibilities (EU). Projected ODA flows from some quarters will fall short of such pledges. (EU)** ~~However, recorded net nominal official development assistance (ODA) disbursement, less debt~~

~~forgiveness, remains at levels similar to those prevailing in the early 1990s. While debt relief was intended to channel additional resources to developing countries, the fact that real ODA excluding debt forgiveness is below its levels in the early 1990s suggests that debt relief under the Highly Indebted Poor Countries (HIPC) initiative has not been additional. (EU)~~

Furthermore, the limited scope and coverage of initiatives such as the Highly Indebted Poor Countries initiative and the G-8's Gleneagles pledge to double aid to Africa between 2005 and 2010 has left many countries to face their debt burdens without adequate international support, thus diminishing their ability to reach the internationally agreed development goals. (G77)] *(delete entire para. – US) (delete last sentence – Japan, Russian Federation, EU)*

(New)

13 alt. All countries have the responsibility to finance development through the effective collection and redistribution of taxes. However, many developing countries are unable to fulfil this responsibility due to insufficient economic activity to generate adequate tax revenues, inefficient or ineffective collection and redistribution policies, or lack of capacity at the institutional level. Many middle-income countries can partly fill this revenue gap in financing development goals by accessing the international capital markets. However, low- and lower-middle-income countries rely almost exclusively on development finance to pay for development projects, since their tax revenue collections are minimal. Thus, aid flows and cooperation in its delivery are vital to efforts to achieve internationally agreed development goals. (US)

B. Policy responses

[13 bis. Efforts by developing countries to achieve the internationally agreed development goals can only succeed through strengthened and more coherent action towards better global governance along three main axes: the meaningful participation of developing countries in economic and financial institutions, particularly in decision-making structures and processes; greater systemic coherence; and enhanced global solidarity. These efforts need to be firmly rooted in a strong United Nations system that is truly responsive and accountable to the needs and priorities of all countries, particularly the developing countries. (G77)] *(delete para. – Japan, US, EU)*

[13 ter. The discourse which has dominated global governance processes in recent years has de-emphasized the inherent link between policy substance and action, and has attempted to rebalance this important equilibrium with a bias towards activity at the technical, sectoral or national levels. At the forefront of the United Nations development mission is its unique role in norm-setting on policies with a view to translating the internationally agreed development goals into feasible and measurable action. There is therefore a need to move beyond the dichotomy of consensus on development objectives on the one hand, and the lack of concrete action on the other. Each member of the international community must contribute to the attainment of the internationally agreed development goals through appropriate and mutually reinforcing measures at the national and international levels. (G77)] *(delete para. – EU, US, Japan)*

14. For development efforts at the national level to succeed, the formulation and effective implementation of a national development strategy needs to be combined with supportive regional and global policy measures. Sustainable ~~and equitable~~ (EU) development, **including realizing the right to development, (G77)** requires, at the national and international levels, pro-growth macroeconomic policies **while taking into account their impact on the environment, (EU)** efficient structural policies, **[and good governance and respect for human and economic rights, (G77)]** [good governance and respect for human ~~and economic rights,~~ **including economic and social rights (EU)**] [good governance and respect for human ~~and economic rights and economic freedom (US)~~]. Trade policies need to be fully integrated into a sound domestic policy framework and national development strategies, and poverty reduction and trade need to be incorporated into the United Nations Development Assistance Framework (UNDAF) *(move this sentence to section C, UNCTAD's contribution – G77)*. ~~The improvement of institutional governance advances in tandem with other domestic and global requirements of sustainable development. (US)~~ [The various pillars of the global economic architecture must work ~~in concert~~ **effectively in accordance with their mandates. (EU)**] [~~The various pillars of the global economic architecture must work in concert. (US)~~]

15. There can be close links between sustainable development and poverty reduction and the empowerment of women. Gender equality and women's empowerment should be mainstreamed in development policies and practices. ~~when relevant and feasible. There are, however, some general policy options and responses that are relevant to the challenges faced by most, if not all, developing countries. (G77)~~

(New)

15 alt. There are unequivocal links between sustainable development and poverty reduction and the empowerment of women. Gender mainstreaming is a globally accepted strategy for promoting the empowerment of women and achieving gender equality by transforming structures of inequality. (EU)

16. Coherence between macro- and microeconomic policies is crucial. Microeconomic and structural policies can be designed to provide incentives for investment that can bring about productivity growth and improve the international competitiveness of domestic enterprises. ~~A macroeconomic policy that leads to high domestic interest rates and an overvalued exchange rate is not conducive to such investment. (G77)~~ A coherent policy **strategy framework (EU)** of industrial development and technological upgrading needs to be supported by a pragmatic, ~~strategie~~ **market-oriented (EU)** approach aimed at fitting foreign direct investment into the development agenda. Such a strategy should aim to encourage ~~faster and more (EU)~~ **sustained growth, alongside structural and technological change. [Industrial policy and** Domestic investment measures are more likely to succeed when ~~there is adequate room for complementary~~ **they are complemented by** trade and competition policies. ~~(EU)]~~ ~~[Industrial policy and domestic investment measures are more likely to succeed when there is adequate room for complementary trade and competition policies. The likelihood of industrial policy measures succeeding is much higher when they are complemented by a fair an~~ **(Japan) international competitive environment and policies designed to achieve enterprise development. (G77)]** Trade integration is most effective when it contributes to technological upgrading and increases domestic value-added through a network of domestic forward and backward production linkages.

16 alt. Coherence between macro- and microeconomic policies is crucial. Microeconomic and structural policies can be designed to provide incentives for investment that can bring about productivity growth and improve the international competitiveness of domestic enterprises. A macroeconomic policy that leads to high domestic interest rates and an overvalued exchange rate is not conducive to such investment. A coherent policy strategy of ~~industrial~~ **supporting private sector-led** development and technological ~~upgrading~~ **innovation** needs to be supported by a pragmatic, ~~strategie~~ approach aimed at ~~fitting~~ **increasing** foreign direct investment ~~into the~~ **that advances** development ~~agenda~~ **outcomes. (US)** Such a strategy should aim to encourage sustained growth, alongside structural and technological change. ~~Industrial policy~~ **Macroeconomic policies** and domestic investment ~~measures~~ **incentives** are

more likely to ~~succeed~~ **achieve sustained growth** when there is ~~adequate room for~~ **are** complementary trade and competition policies. (US) Trade integration is most effective when it ~~contributes to~~ **rewards** technological ~~upgrading~~ **innovation** and increases domestic value-added through a network of domestic forward and backward production linkages. (US)

17. The macroeconomic management of higher fiscal and foreign-exchange earnings from commodity exports must aim to ensure that the current boom in commodity prices ~~helps to spur~~ **leads could contribute (G77) to sustainable development, including through (EU)** diversification, industrialization and ~~structural change~~ **sustainable employment creation.** (EU) Resource-rich developing countries should also use rising resource rents to ensure long-term sustainability, by moving away from the depletion of natural resources and towards investment in material and human capital, and by ~~confronting pressing~~ **addressing (EU)** employment and social needs. **[More specifically, natural resource-rich developing countries need to tackle three main challenges. Firstly, They need to establish strong institutions and regulations to counter rent-seeking behaviour and other “resource curse” problems. Secondly, Macroeconomic policies should counter a loss of competitiveness of the non-commodity sectors due to the so-called Dutch disease. Finally, Specific stabilization mechanisms should cushion against external shocks to which these countries tend to be vulnerable. (EU, US)]**

18. In developing countries, the imperatives of enterprise development and structural change imply the provision by institutions of mechanisms to implement policies designed to achieve high rates of investment and the adoption of new technologies. The guiding principle behind institutional reform should be to address the information, coordination and communication failures that undermine entrepreneurial decision-making and to improve transparency [and checks and balances.] (G77)

19. [Policy diversity, **in particular policy space for developing countries**, is necessary to enable each country to attain its development priorities and objectives. (G77)] ~~[Policy diversity is necessary to enable each country to attain its development priorities and objectives. (EU)]~~ Policies that lead to macroeconomic stability must be seen not as ends in themselves but in terms of how they contribute to development. Otherwise, there is a risk that the replication of one-size-fits-all policies will have unintended consequences, and may even give results contrary to those produced by the same policy elsewhere.

[20. At the global level, the ~~architecture for economic governance requires further~~ **international economic system requires (G77)** reform if it is to provide an adequate framework for dealing with the changing realities of international economic and financial relations. ~~In the search for greater coherence between the different components of the global economy, the diversity of the family of nations must be taken into account. In seeking greater coherence between the different components of the international economic architecture, it will be necessary to take into account full and meaningful participation of developing countries in international economic decision-making and processes. (G77)~~ [The increased complexity and interdependence of today's global economy calls for more universal and transparent management of international economic relations. (G77)] [The increased complexity and interdependence of today's global economy calls for ~~more universal and transparent management of~~ **adaptations in international economic relations in order to promote transparency and dialogue. (EU)**] This in turn implies that developing countries should be ~~more closely involved, and have more of a say, in international economic decision-making. (G77, EU)~~ *(delete para. – US, Japan)*

21. Closer regional [~~integration~~ **cooperation (G77)**] [**integration and cooperation (EU)**] [~~integration and, where appropriate, integration (US)~~] among developing countries can reinforce national development strategies and multilateral agreements. If such cooperation **and, where appropriate, integration (US)** extends beyond trade liberalization to encompass policies in support of growth, stability, **industrial development, infrastructure, employment (US)** and structural change, it can also expand the policy options for development. Regional financing mechanisms can complement international institutions and provide ~~alternative (US, EU)~~ long-term sources of finance, especially for small economies that do not have very well developed domestic financial markets. One of the aims of regional monetary and financial cooperation could be to provide long-term financing through regional development banks or regional capital markets. Another positive form of cooperation involving a region's central banks relates to trade facilitation and short-term financing.

[21 bis. **Regional cooperation in line with international law (Japan) can offer another avenue to protect against unfettered market forces and (Japan) unpredictable shocks. Regional cooperation cannot be expected to deliver substantial development gains by itself, but it can support innovative approaches by extending cooperation to common or well coordinated policies in the monetary and financial area, industrial development, infrastructure and employment. Effective cooperation on these fronts could not only**

enhance developing countries' output growth and trading capacities, but also strengthen their influence on global economic governance. (G77)] (*delete para. – US, EU*)

[22. Regional arrangements designed to manage exchange rates are another dimension of monetary and financial cooperation. Stabilizing exchange rates among countries within a region that enjoys a high and increasing share of intraregional trade and financial flows can be an important element in establishing a common market. ~~[This highlights the importance of efforts to build a truly cooperative monetary system at all levels. (EU)]~~ [This highlights the importance of efforts to build a truly **(US) an international (G77)** cooperative monetary system ~~at all levels. (US)]~~ (*delete para. – EU, US*)

23. Efforts to deepen regional integration should not only focus on tariff and non-tariff barriers but should also promote coherent macroeconomic and exchange-rate policies, together with regulatory convergence, ~~harmonized~~ **the use of international (US)** standards and the development of regional financial centres. Such coherence ~~should be at the centre of~~ **facilitates (US)** regional trade agreements and ~~is crucial to the economic relationship~~ **more robust economic relations (US)** between developing, **emerging (EU)** and ~~advanced~~ **developed (G77, EU)** countries. ~~Regional efforts to strengthen financial cooperation should not, however, preempt multilateral efforts to strengthen the international financial system and its coherence with the international trading system. (EU)~~ [Successful, **broad, transparent** regional financial cooperation among developing countries could be one of the building blocks of an improved international monetary system **(US)**] [~~Successful regional financial cooperation among developing countries could be one of the building blocks of an improved international monetary system. (EU)~~]

[24. International financial stability and crisis prevention is a precondition for development and sustainable growth. At the international level, financial stability should be maintained through continuous surveillance of capital and financial markets in all economies. ~~Such surveillance,~~ which requires improvements in ~~the transparency of~~ macroeconomic data and accurate and timely statistical information, **especially on developed countries, (G77)** on debt structure and international capital flows.] (*delete para. – EU, US*)

[25. ~~The international financial system needs to be equipped with instruments for preventing debt crises. (EU)~~ In the case of developing countries with access to the international financial markets, the main issues are to avoid the destabilizing effects of capital flow volatility

and to make debt structure less vulnerable to external shocks. With respect to the former, domestic and global policies must be implemented to prevent destabilizing speculative capital flows. With respect to the latter, developing countries should be encouraged to increase their reliance on safer forms of financing, including contingent debt instruments. It should also be recognized that, even with increased prevention, some crises are bound to occur, and thus a ~~comprehensive approach needs to be developed~~ **existing instruments should be used flexibly (EU)** to deal with debt default and rescheduling in the case of ~~both low- and middle-income (EU)~~ developing countries. It is important to monitor the evolution of external and domestic debt in developing countries and to develop early-warning mechanisms to detect potential causes of vulnerabilities.] (*delete para. – US*)

[26. In the case of countries with limited access to the international financial markets, debt crises ~~can~~ **could (EU)** be avoided by conducting an appropriate debt-sustainability analysis, which should also consider the growing role of domestic debt. ~~Debt sustainability criteria should take internationally agreed development goals into account and should identify the level of debt that will allow a country to achieve its development objectives without increasing its debt ratios. (EU)~~ **Debt strategies should take internationally agreed development goals, including the Millennium Development Goals, into account and should identify the level and structure of debt that will allow a country to achieve its development objectives without contributing to renewed over-indebtedness. (EU)** Donors should therefore [~~increase their ODA and strive to achieve the internationally agreed targets,~~ **achieve the internationally agreed targets by increasing their ODA to 0.7 per cent of GNP to developing countries and 0.15–0.2 per cent to LDCs, (G77, EU)**] [~~make every effort to increase their ODA and strive to achieve the internationally agreed targets, (Japan)~~] in accordance with **the development section of the outcome of the 2005 World Summit and other relevant outcomes, as well as (G77)** the Monterrey Consensus of the International Conference on Financing for Development. Multilateral and bilateral donors should also fulfil their commitments to those developing countries faced with unsustainable debt burdens and should ~~intensify~~ **pursue (EU)** initiatives to reduce outstanding indebtedness. ~~Sustainable debt levels require not only debt relief, but also prudent borrowing by developing countries and responsible international lending. Sensible debt management in turn requires adequate statistical and analytical capacities. If sustainable debt levels are to be achieved, debt relief must be provided and the financing required by developing countries to meet the internationally agreed development goals, including the Millennium Development Goals, must be made available. (G77)~~ (*delete last sentence – EU*)] (*delete para. – US*)

26 alt. In the case of countries with limited access to the international financial markets, the debt sustainability analyses conducted by the international financial institutions play a vital role in identifying the potential for debt crises. *Donors should achieve the internationally agreed targets by increasing their ODA to 0.7 per cent of GNP to developing countries and 0.15–0.2 per cent to LDCs.* (EU) Donors should also strive to achieve the internationally agreed targets, in accordance with the Monterrey Consensus of the International Conference on Financing for Development. Multilateral and bilateral donors should also fulfil their debt-relief commitments to those developing countries faced with unsustainable debt burdens that have re-engaged with the international financial system and implemented the necessary economic reforms to reduce poverty. Debt relief, prudent borrowing by developing countries and responsible lending practices can all contribute to sustainable debt levels. Sensible debt management in turn requires adequate statistical and analytical capacities. (US)

27. There are ~~systemic~~ **complex** (EU, US) issues relating to aid quantity and quality. **In addition to aid quantity, the quality of aid is important to effectively reach the objectives of aid.** (EU) **The Paris Declaration on Aid Effectiveness addresses aid-effectiveness concerns ~~those concerns.~~** (EU, US) Measuring aid quantity is not a simple exercise, and measuring the quality of aid flows is even more challenging. Further cooperation among development partners and the relevant international institutions in this area should aim to increase **aid effectiveness, including** (US) the accountability of both donors and recipients[, **as foreseen in the Paris Declaration on Aid Effectiveness (US)**]. Meanwhile, the welcome advent of new sources of development finance from middle-income countries calls for greater coordination and harmonization at the global level to ensure its effectiveness.

[27 alt. There are systemic issues relating to aid quantity and quality. Measuring aid quantity is not a simple exercise, and measuring the quality of aid flows is even more challenging. Further cooperation among development partners and the relevant international institutions in this area should aim to ~~increase the accountability of both donors and recipients.~~ **improve the application of development aid resources through country ownership and the alignment of external resources to national development priorities.** (G77) ~~Meanwhile, the welcome advent of new sources of development finance from middle income countries calls for greater coordination and harmonization at the global level to ensure its effectiveness.~~ **There is therefore a need for greater cooperation at the global level to increase aid and improve its impact.** (G77)] (*delete para. – Japan, US, EU*)

C. UNCTAD's contribution

28. UNCTAD's analytical capacity, and its ability to undertake research on macroeconomic policies, finance, **investment, (EU)** debt and poverty, and on their interdependence, should be used to help developing countries meet the challenges of globalization. UNCTAD's work, ~~centred on the eradication of poverty in the context of trade and sustainable development, should make an important contribution to~~ **should continue to be centred on essential trade and development issues (EU) so that it can make an important contribution to eradicating poverty and** exploiting the ~~benefits~~ **opportunities (G77)** of globalization for developing countries.

28 alt. UNCTAD's analytical capacity, and its ability to undertake research on macroeconomic policies, finance, **investment, (EU)** debt and poverty, and on their interdependence, should be used to help developing countries ~~meet the challenges of globalization~~ **improve the welfare of their citizens.** UNCTAD's work, centred on the eradication of poverty in the context of trade and sustainable development, should make an important contribution to ~~exploiting the benefits of globalization for developing countries~~ **helping developing countries exploit the opportunities created by globalization. (US, Japan)**

29. In its work on globalization and **trade and (EU, US)** development strategies, UNCTAD should focus on ~~interdependence and systemic coherence by (EU, US):~~

(a) Identifying [specific needs and ~~measures~~ **opportunities** arising from (US)] [~~specific needs and measures arising from~~ **the specific aspects of (G77)**] the interdependence of trade, finance, **investment, (EU)** technology and macroeconomic policies ~~in terms of their effect in~~ **order to identify the measures necessary to address their effects (G77)** on development and global poverty reduction **and the achievement of gender equality (EU);**

(a alt) Identifying issues concerning the interdependence of trade, finance, investment, gender, technology and macroeconomic policies, as requested by the Trade and Development Board; (US, EU)

~~[(b) Contributing to a better understanding~~ **Identifying critical gaps and factors that contribute to, or detract from, the achievement (G77)** of coherence between international economic rules, practices and processes, including the international, monetary and financial and trading ~~regimes systems, (G77)~~ on the one hand, and national policies and development strategies on the other;] *(delete subpara. – EU, Japan)*

(c) Supporting developing countries, **including LDCs, (G77)** and countries with economies in transition in their efforts to formulate **and implement the (G77)** development strategies and **to build national (EU)** economic governance institutions ~~adapted to the new patterns of interdependence in the world economy. (EU)~~

(d) (deleted)

(combine paras. 29 and 31 – Japan, EU: combine and condense – US)

29 bis. In the three pillars of its work, UNCTAD should support natural resource-rich developing countries in addressing their specific challenges. (EU, US)

30. UNCTAD should continue its ~~useful (US)~~ role of providing ~~independent, ahead-of-the-curve (US)~~ analysis and explaining how sustainable development is in the mutual interest of all countries. It should help identify international, regional and national policies that are favourable to development, and should propose pragmatic policy advice on, and innovative measures for, tackling the challenges of globalization. **UNCTAD should then disseminate its findings widely. It must tailor its research agenda so that it devotes equal time to the dissemination of findings and to helping countries implement or adopt successful policies. (US, EU, Japan)** [UNCTAD's expertise should be used to ~~explore how~~ **identify effective mechanisms that will ensure that** globalization ~~can support~~ **supports** inclusive development and ~~how appropriate implementation of the~~ development strategies ~~should be formulated and implemented,~~ taking into account the elements of sustainable and equitable development. **(G77)**] [UNCTAD's expertise should be used to explore how globalization can support ~~inclusive development~~ **sustainable growth** and how ~~appropriate~~ **market-oriented** development strategies, **including enabling environments for business,** should be formulated and implemented, ~~taking into account the elements of sustainable and equitable development. (US)~~

[30 bis. UNCTAD's contribution should cover the work on globalization and development strategies such as:

- (a) Coherence between national development strategies and international processes, including the international monetary, financial and trading systems;**
- (b) The relationships between trade, growth, employment and poverty reduction;**
- (c) The role of domestic and foreign investment for building supply and export capacity in developing countries, including investment guarantees;**
- (d) Public investment, especially in infrastructure;**
- (e) The role of competition law and policy in promoting trade, investment, competitiveness and development;**
- (f) Landlocked developing countries (LLDCs);**
- (g) The complex and wide-ranging needs of LDCs, including in terms of ODA flows, and of other small and vulnerable economies;**
- (h) Energy and development-related issues;**
- (i) The development implications of multilateral and regional trade negotiations and agreements, including South–South, triangular and regional cooperation;**
- (j) The implications of recent trends in commodity prices and the problem of commodity price fluctuations;**
- (k) The implications of global imbalances for national development and the impact of measures aimed at correcting such imbalances, including exchange-rate policies;**
- (l) Science and technology, including information and communication technology (ICT);**

- (m) **Transport, trade facilitation, and customs operations and reform;**
- (n) **The interlinkages between environment policies and trade, including Biotrade;**
- (o) **Migration as a multidimensional phenomenon, including trade and development issues;**
- (p) **Services, trade and development;**
- (q) **Capacity-building. (G77)]** *(delete para. – EU)*

31. UNCTAD should strengthen its contribution to the understanding of how best to achieve greater coherence in global economic policymaking. In the context of the interdependence and coherence of international trade, financial and monetary systems, this work should seek to help developing countries integrate successfully into the global economy and reap greater benefits from globalization. Research on interdependence, **taking a case-study approach, (US, EU) should address and provide practical, actionable recommendations on (US, EU):**

- (a) The problems faced by developing countries as a result of international financial and monetary ~~instability~~ **developments (EU);**
- (a alt)** The ~~problems faced~~ **opportunities opened** by developing countries ~~as a result of~~ **in a changing** international financial and monetary ~~instability~~ **environment (US);**
- [(a bis) Institutional, legal and policy gaps that affect coherence in global economic policymaking and the problems faced by developing countries in formulating and implementing development strategies; (G77)]** *(delete subpara. – EU, Japan)*
- (b) The impact of trade and macroeconomic policies in ~~advanced~~ **developed (G77)]** ~~advanced~~ **all (EU)]** countries on the development **opportunities and (US)** prospects of ~~emerging and (G77)~~ developing countries;
- (c) The impact of regional integration on development;

(d) Debt sustainability, including active debt management, and the impact of debt on national capacities and on the allocation of resources to different sectors; ~~and~~

~~(e) The effectiveness of private and official aid flows in financing development. (EU)~~

~~A topical area for research concerns measures designed to avoid a disorderly unwinding of global current account imbalances that give rise to deflationary adjustments in the world economy. (EU, US)~~

32. At the national level, areas to which UNCTAD should give special attention include:

(a) The impact of **stability and (EU)** growth-oriented macroeconomic and financial policies on development;

(b) The creation of an enabling environment for the private sector and entrepreneurial investment;

(c) Policies to enhance the productive capacity of developing countries and improve their ability to compete in the global economy;

(d) Income distribution, **taxation** and poverty alleviation, **as well as gender equality (EU)**; and

~~(d alt) Income distribution,~~ **Revenue collection, social safety nets (US)** and poverty alleviation; and

(e) Strengthening [~~domestic governance~~ **good governance (EU)**] [~~domestic governance~~ **development-related domestic institutions (G77)**] and other elements of sustainable and equitable development.

32 bis. In conducting research and analysis, UNCTAD should recognize that there is no one-size-fits-all model nor a fixed set of policy measures in support of sustainable development. Different models or policies can be successful. Most importantly, every development model needs to rely on and respond to a broad national consensus. UNCTAD's research and analysis should assist in clarifying the trade and development challenges and a clear distinction must be made between scientific research on the one

~~hand, and assumptions, interpretations and policy advice on the other~~ *(delete last part of sentence – G77)*. (EU)

[33. Recognizing the need for diversity in national policies, UNCTAD should continue to highlight, from a trade and development perspective, the basic elements of sound macroeconomic policies that are conducive to an expansion of productive capacity and productivity, faster and sustained growth, employment creation and poverty alleviation. UNCTAD should also ~~continue to elaborate on~~ **assist developing countries in analysing and operationalizing (G77)** the concept of policy space. *(delete last sentence – US)* *(delete entire para. – EU)*

[34. Reliable and timely statistics are essential for strengthening UNCTAD's research and policy capacity and for better informing the global development policy debate. Given its perspective on interdependence and its ability to ~~process multidisciplinary data, (G77)~~ UNCTAD could highlight the interlinkages between globalization, trade, and development indicators.] *(delete para. – US)*

35. UNCTAD should continue its analysis of the policy implications for developing countries of debt and development finance issues and should maintain its capacity-building programme for public debt management, debt relief and debt sustainability analysis. On the basis of its analytical work, UNCTAD should continue to provide technical assistance and support for developing countries in building national capacities through the Debt Management and Financial Analysis System (DMFAS) programme, in cooperation with the International Monetary Fund, the World Bank and other stakeholders. UNCTAD should continue to participate in multilateral processes ~~and international deliberations~~ **(EU)** on external debt and finance[, including in the ~~Paris Club~~ **“Paris Club”** and the Development Cooperation Forum **(G77)**] [~~including in the Paris Club and the Development Cooperation Forum (EU)~~]. Maximum synergy should be sought between analytical work and technical assistance.

36. UNCTAD must ~~maintain a~~ **strengthen its (EU)** special and differential focus on the needs of the least developed countries and Africa in coping with challenges related to UNCTAD's core mandate. ~~Special groupings of vulnerable~~ **Vulnerable (EU)** small and weak economies, landlocked developing countries and small island developing States continue to deserve the attention of global economic forums and institutions. UNCTAD should contribute to the efforts by the United Nations system to diagnose the causes of the lack of progress and

should make practical policy recommendations ~~to ensure globalization is fully inclusive~~ **that draw on UNCTAD's particular areas of expertise and comparative advantage, such as its expertise in Customs (ASYCUDA), debt management (DMFAS), entrepreneurship (EMPRETEC), investment policy reviews, science and technology reviews, and commodities exchanges and warehousing.** (US) In order to promote growth and development for all, UNCTAD needs to pay sustained attention to the problems faced by these groupings.

37. UNCTAD has traditionally played a substantive supporting role in ~~South-South cooperative arrangements~~ **supporting economic cooperation among developing countries (G77)** in all three pillars of its work. It should strengthen its work in this area by: (a) deepening research on and analysis of the synergies created by South-South trade, investment and finance; (b) upgrading data and analytical tools on South-South flows and cooperation; and (c) promoting South-South and triangular ~~development~~ **(G77)** cooperation.

38. UNCTAD's analysis of the development prospects for the Palestinian economy has identified welcome avenues for coherent technical cooperation with development partners, focused on alleviating economic adversity and preparing institutional capacity for sovereign economic governance. Adequate resources should be given to strengthening its programme of assistance to ~~the~~ (US) Palestinian people and to intensifying policy advice and operational activities in the areas of development strategies and trade policy, trade facilitation, public finance modernization, and investment and enterprise development.

[38 alt. Support to the Palestinian people must be sustained by analysing and alleviating the adverse economic impact of the prolonged Israeli occupation and conflict conditions, with a view to ending the occupation and achieving a sovereign, economically viable and independent Palestinian State. In this regard, UNCTAD's programme of assistance to the Palestinian people should intensify its policy advice and related operational activities and dedicate adequate resources to its activities in this regard. (G77) (place this para. before para. 37 – G77)] (delete para. – Japan)

II. Sub-theme 2: Key trade and development issues and the new realities in the geography of the world economy

A. Policy analysis

39. [Trade-driven globalization has created ~~immense~~ opportunities and challenges for development. (G77)] [**World trade and (EU) participation in the international trading system has have** created immense opportunities and **some** challenges for **developing countries.** (US)] Some developing countries have emerged as regional and global dynamos of trade. Competition for commodities has intensified. There is a move towards regionalism. In the global pursuit of cost-competitive and quality-competitive labour, skills and services, a high premium is placed on knowledge, innovation and technological edge. ~~Trade-driven globalization~~ **Reducing trade barriers** can help promote access to goods and essential services **and facilitate foreign investment.** (US, EU) On the other hand, it can lead to de-industrialization, declining agriculture and increased exposure to financial shocks. Maximizing the ~~benefits~~ **opportunities** (G77) and minimizing the costs of ~~trade-driven globalization~~ (US) calls for mutually supportive national and regional policies, complemented by improved ~~economic and financial~~ (*delete – EU, US*) (G77) ~~global~~ (US) governance, **and coherence and solidarity for development.** (EU)

40. [A singular challenge in the ~~systemic evolution~~ **further development** of the multilateral trading system is to mainstream the development dimension. (G77)] [A singular challenge in the systemic evolution of the multilateral trading system is to ~~mainstream the development dimension~~ **achieve integration of developing countries in its operation.** (US)] A well-functioning and development-oriented multilateral trading system can deliver major benefits. The Doha Round of multilateral trade negotiations offers an opportunity to further liberalize trade (~~especially in areas of interest to developing countries~~), **in order to fully meet the development dimensions of the Doha development agenda and** (G77) mainstream development into the multilateral trading system, ~~correct asymmetries and remove distortions.~~ (US) [Unfortunately, ~~many some~~ (EU)] [Unfortunately, ~~many~~ (G77)] ~~developing countries and countries with economies in transition have limited experience in such negotiations.~~ (G77) **The negotiations are at a critical juncture for securing a timely, balanced and development-oriented conclusion that can set the framework for a multilateral trading system that caters to the specific needs and interests of developing countries.** (G77) **The Doha Round should facilitate the full integration of developing countries and countries with economies**

in transition into the world trade system. The Round's final results should ensure a fair balance and commitments among all member States, including recently acceded countries. (Russian Federation)

41. Accession to the World Trade Organization (WTO) is an integral part of the development strategies of ~~developing countries and countries with economies in transition~~ **most countries (EU, Serbia, US)** aiming to benefit fully from the international trading system. *(delete remainder of para. – US)* **Despite the benefits it brings, joining (EU, Serbia) WTO is a complex, extensive and frequently lengthy process, compounded, in some cases, (EU, Serbia) by acceding countries' lack of adequate resources, policies and institutions. Acceding countries face excessive demands which are far beyond the commitments of WTO members. (Russian Federation, Algeria, China, Ethiopia, Iran) In this regard, we note the importance of technical assistance provided by WTO and other donors, particularly for LDCs. (EU, Serbia) ~~Accession could also have major implications for the scope of policy flexibility and policy options. (EU, Serbia)~~ **The importance of strengthening and attaining universality of WTO membership is emphasized. In this context, the accession process should be accelerated, without political impediments, in an expeditious and transparent manner (split sentence here – Russian Federation) and with full observance of the principles of special and differential treatment for developing countries, in particular LDCs, applying to WTO. (G77)****

41 alt. Accession to the World Trade Organization (WTO) is an integral part of the development strategies of developing countries and countries with economies in transition aiming to benefit fully from the international trading system. ~~Joining WTO is a complex, extensive and frequently lengthy process, compounded by acceding countries' lack of adequate resources, policies and institutions. Accession could also have major implications for the scope of policy flexibility and policy options. (US)~~

42. The proliferation of bilateral free trade agreements and regional trade agreements on a South-South, North-North and North-South basis means that almost 50 per cent of global merchandise trade is now covered by such agreements. ~~[The layers [levels (EU)] [The layers] of preferences within regional trade agreements mean that non-members are excluded from trade among members, introducing discriminatory trade relations that lead to the erosion of the most favoured nation principle. (US) Regional integration among developing countries can help overcome such limitations so that trade (US) can be used to further development. (delete~~

first three sentences of para. – G77) **Regional integration can help developing countries to overcome the limitations of small economic size by creating a wider platform for exchange, enhance efficiency, increase attractiveness for FDI, enable economies of scale, secure greater bargaining power and, last but not least, contribute to peace and stability.** (G77) The potential of South–South integration is further enhanced when it leads to “deep integration” measures. **The increased pace and scope of regional integration in the South, as well as interregional cooperation are a result of globalization. Furthermore, different types of regional integration are taking place among developed and developing countries, and among themselves. This new phase of regionalism needs to be coherent with the multilateral trading rules and needs to guide countries to ensure that the various regional and interregional processes contribute to the broader global development agenda.** (G77, Japan) ~~UNCTAD could play an important role in addressing these emerging dimensions and processes.~~ (*delete – Japan*) (G77)

42 alt. (merged with para. 42)

43. Trade preferences, including the Generalized System of Preferences ~~and the Global System of Trade Preferences among Developing Countries~~ (*delete – G77*) (EU), play a useful role in helping countries achieve market access and become more competitive. **[As a result of global trade liberalization and other arrangements, their value is being gradually eroded. (G77)]** (*delete or rewrite – Japan*)

43 alt. (deleted)

44. (deleted)

[44 alt. The problems of commodity trade continue to be a major concern in the twenty-first century. Over the medium to long term, the prospects for continued growth in world demand for most commodities are bright, and commodity prices can be expected to remain relatively high. This will allow commodity-dependent developing countries to invest in development and poverty reduction, but they need to be better equipped to handle future price fluctuations and competition. ~~Ways must be found to reduce the vulnerability of commodity importers to increases in commodity prices, particularly food and energy prices.~~ (US) **Governments in commodity-dependent countries must make every effort to improve governance, including transparency, accountability and welfare safety nets, to use risk management**

tools to hedge against price declines, and to diversity their economic bases while those countries are benefiting from rising commodity prices. (US, EU)] (*delete para. – G77*)

[45. **The global commodity markets and energy economy have experienced significant structural transformation in recent years. The impacts on developing countries have been deeply felt. For commodity and energy exporters, the most urgent need is to avoid real exchange rate appreciation and loss of competitiveness, while finding ways to channel revenues to investments in infrastructure and human capital. It will be important to consider the channelling of reserves into infrastructure and human capital as a means to address the risks flowing from potential fallout from existing imbalances in the global economy. Appropriate instruments and capabilities for finance, investment and risk management are central to adapting to the current volatile prices. The challenge is to determine how to achieve a better energy mix and to promote international dialogue in this respect. UNCTAD’s work on the commodity sector, including the energy sector, as well as on renewable energy sources such as biofuels, will help and thus should be supported. (G77)]** (*delete para. – EU*)

46. **South–South cooperation has grown in importance, supported by a confluence of policy- and market-related factors. The new opportunities for trade and economic cooperation among developing countries need to be fully exploited, and this tendency should be encouraged and benefits extended to all regions. (G77, EU)** (*delete last sentence – US*) [It should complement, not replace, (EU) North–South **trade and (EU) economic cooperation for development trade. (G77)**] There is considerable potential for trade and investment among countries with economies in transition and developing countries. In this connection, attention should also be paid to middle-income economies.

[47. **Meaningful trade liberalization will require the removal of non-tariff barriers, which are complex and costly to comply with, and which act as addressing non-tariff measures, where they may act as unnecessary trade barriers. (US)** (*delete remainder of para. – US*) **States are strongly urged to refrain from promulgating and applying any unilateral economic, financial or trade measure not in accordance with international law and the Charter of the United Nations and which impedes the full achievement of economic and social development, particularly in developing countries. The use of unilateral actions that are inconsistent with WTO rules, hindering market access, investments and freedom of transit, have negative effects on efforts to move towards a truly non-discriminatory and**

open trading system and must be removed as soon as possible in order not to obstruct the right to development. (*delete – Japan*) (G77)] (*delete para. – EU*) (*general comment: remove references to WTO – US*)

[47 bis. **Most prominently, standards are being used to curtail access by developing countries to developed countries’ markets. While all States have a responsibility to safeguard their population, standards must be formulated in a fair and scientifically valid manner in order to ensure that technical standards and sanitary and phytosanitary measures are consistent with the development objectives of the multilateral trading system. In this regard, there is a need to ensure the full and meaningful participation of developing countries in standard-setting processes, design new standards in a transparent and inclusive way that is not more trade-restrictive than is necessary on scientific grounds, and strengthen institutional and technical capacity in developing countries to effectively respond to new standards in export markets in a proactive manner.** (G77)] (*delete para. – EU*)

47 ter. **If the opportunities arising from regional liberalization and integration are to be fully exploited, there needs to be an enabling environment that includes both national competition policies and international cooperation, to deal with cross-border anti-competitive practices, particularly those that hamper trade and development of developing countries.** (EU) ~~The products of export interest to developing countries are increasingly affected by ever-changing and complex non-tariff barriers.~~ (EU, Japan) **Trade liberalization and the resulting trade agreements also necessitate fundamental changes in trade and trade-related policies, legislation and institutions to comply with and take advantage of new obligations and opportunities. Addressing adjustment and implementation costs is thus a necessary corollary to rendering trade and economic reforms socially, economically and politically viable and “development-positive”.** (G77)

[48. Fair competition in national and global markets is critical. The growing concentration of market power in the hands of a few global enterprises can increase the scope for anti-competitive practices. This can adversely affect the trade and development prospects of developing countries, their enterprises, their consumers and their producers.] (*delete para. – US, Japan*)

49. The services economy is the new frontier for the expansion of trade, productivity and competitiveness, and for the provision of essential services and universal access. [In recent years, developing countries have performed well in trade in services, ~~especially in tourism, transport, construction, care services, audiovisual resources, computers, information services, and business and professional services.~~ (G77)] [In recent years, developing countries have performed well in trade in services, especially in tourism, transport, construction, care services, audiovisual ~~resources,~~ **services,** computers, **and** information services, and business and professional services. (US)] Positively integrating developing countries, especially LDCs, into the **global (US) services economy and services trade, particularly in Mode 4 and sectors of interest to developing countries,** (*delete – EU*) (G77) remains a major development challenge. **In this regard, there is a need in developing countries for policy space in service-sector development and trade to enable them to identify the best policy in the light of their particular economic, social and developmental needs.** (G77) (*delete last sentence – EU*)

[50. **The issue of migration and development needs to be tackled with an integrated and holistic approach, taking into account the causes and effects and the challenges it poses to developing and developed countries. Thus, UNCTAD’s contribution should focus on issues such as: migration and development; flows of unskilled and skilled human resources; the “brain drain”; remittances; and integration processes in the host countries. Focused consideration of migration within the services work of UNCTAD should also be strengthened.** (G77)] (*delete para. – EU*) (*combine paras. 50, 66 and 68, and make more concise – Japan*)

51. Globalized production processes, intra-company trade and just-in-time deliveries all require fast, economical and reliable logistics services and fewer administrative hurdles. Access to global transport networks, measures ~~to alleviate high freight costs~~ (*delete – Japan*) (G77) and trade facilitation infrastructure is crucial to participation in international trade. [Many developing countries, in particular LDCs and LLDCs, need to improve the basic transport infrastructure (G77)] [However, LDCs, and particularly LLDCs, lack the basic transport infrastructure (US)] and **many have not implemented the (US, EU) trade facilitation measures required for active participation in global trade.**

[51 bis. The United Nations Framework Convention on Climate Change, in accordance with the principle of common but differentiated responsibilities, is the appropriate forum for negotiating issues related to the reduction of global warming. UNCTAD, for its part, should address the trade, investment and development implications of climate change and should support developing countries in adapting to the challenges. As the adverse impact of climate change falls disproportionately on developing countries, there is a need to address the issue of adequate, new and additional financing for the adaptation efforts of these countries without diverting resources for development. Further, the transfer of environmentally friendly technologies and know-how on preferential and concessional terms would assist developing countries to address the challenges. (G77)] (delete para. – EU)

52. ~~The conservation and sustainable use of biodiversity in developing countries provides new opportunities for trade and investment. Biotrade provides an important avenue for preserving biodiversity and enhancing development. Environmentally preferable products and production methods present new opportunities for developing countries. (G77, EU)~~ **The conservation and sustainable use of biodiversity provides new opportunities for developing countries' trade and investment. For some countries, biotrade provides an important contribution for preserving biodiversity and enhancing development, while acknowledging the social, cultural, legal and economic complexity of this issue. (G77)**

[52 bis. A key concern is the proliferation of new environmental, health and food-safety requirements, including private voluntary standards, in key export markets. Such requirements may adversely affect the market-entry and market access opportunities for exports from developing countries. Moreover, there is an absence of knowledge on the developmental, market access and trade rules effects of such standards and successful proactive adjustment strategies that could be adopted. (G77)] (delete para. – EU)

[53 original. Traditional knowledge, innovations and practices are the main asset of the poor in developing countries, but traditional knowledge is being lost at an alarming rate as a result of globalization and environmental degradation. In some cases, it is being inappropriately exploited.]

[53. Traditional knowledge, innovations and practices are important assets for developing countries but in some cases are being inappropriately used. (EU)]

[53 alt. Traditional knowledge, innovations and practices are an important asset of the poor in developing countries, but traditional knowledge is vulnerable to loss and occasional misappropriation. (US)]

[53 alt bis. Traditional knowledge and associated genetic resources are an important asset for developing countries. Traditional knowledge and genetic resources are currently being exploited at a rapid rate as a result of globalization and the misappropriation of traditional knowledge. The misappropriation of traditional knowledge and genetic resources is taking place without sufficient access and benefit-sharing thereof. (G77)]

54. The Aid for Trade initiative is a crucial issue for the international trade and development community. ~~Aid for Trade has traditionally been important in the United Nations system. It enables market access opportunities to be meaningfully exploited by all developing countries, especially LDCs.~~ **(G77) It is an essential complement to international trade liberalization, whether multilateral bilateral or unilateral, to realize the potential development gains and to mitigate the cost of adjustment and implementation based on country ownership and country-driven approaches. Aid for Trade funds should be channelled through an appropriate mechanism to help developing countries build their productive capacities and their ability to compete effectively in international markets. Aid for Trade should not be linked to or made conditional on progress in the Doha development agenda negotiations or used as a means of pressuring developing countries to accept deals that they would otherwise reject. (G77)**

54 alt. The Aid for Trade initiative is a crucial issue for the international trade and development community. ~~Aid for Trade~~ **related technical assistance** has traditionally been important, ~~in the United Nations system. It enables~~ **helps all developing countries, especially LDCs, to exploit meaningfully** market access opportunities ~~to be meaningfully exploited by all developing countries, especially LDCs.~~ **(EU, Japan)**

54 alt bis. The Aid for Trade ~~initiative~~ is a crucial issue ~~an important tool~~ for the international trade and development ~~community~~. both among bilateral donors and ~~Aid for Trade~~ **related technical assistance** has traditionally been important, in the United Nations system. It enables market access opportunities to be meaningfully ~~exploited~~ **utilized** by all developing countries, especially LDCs. **(US)**

B. Policy responses

55. In order to make globalization a positive force for all, with its benefits shared equitably, a comprehensive and coherent set of development policies and initiatives is required. **Ensuring the effective, qualitative and beneficial participation of developing countries in the international trading system is the a (EU) critical challenge and opportunity. (G77)**

56. All ~~countries~~ **WTO members (G77)** should uphold and reiterate their commitment within WTO to promote a development-friendly multilateral trading system. They must demonstrate their shared interest in, and the political will to achieve, the success of the Doha Round and the realization of its core development agenda **with the necessary special and differential treatment for developing countries. (G77)** A successful **and balanced (G77)** outcome to the round will require significantly enhanced and additional real market access and entry for developing countries' exports in agriculture, non-agricultural products and services. ~~There~~ **In view of the complexity of the trading system, there (G77)** is a need to improve the rules **and policies (Japan)** to address and remove existing asymmetries **and imbalances (G77)** and enhance the fairness and equity of the multilateral trading system, including through **appropriate effective and operational (G77)** special and differential treatment. **The increasing complexity of the trading system, in particular a strong commitment to the principle of special and differential treatment. (G77)**

56 alt. All countries should uphold and reiterate their commitment within WTO to promote a ~~development-friendly~~ **an open, rules-based** multilateral trading system **that supports development. (US)** They must demonstrate their shared interest in, and the political will to achieve, the ~~success~~ **successful completion** of the **WTO Doha Round of negotiations** and the realization of its core development agenda. **(US)** A successful outcome to the round will require significantly enhanced and additional real market access ~~and entry for developing countries' exports~~ in agriculture, non-agricultural products and services. ~~There is a need to improve the rules to address and remove existing asymmetries and enhance the fairness and equity of the multilateral trading system, including through special and differential treatment.~~ **(US)**

57. ~~Acceding~~ **WTO-acceding (EU)** developing countries, especially LDCs, ~~and as well as (G77)~~ countries with economies in transition, should benefit from balanced terms of accession that reflect their trade, financial and development circumstances. These terms should

be consistent with the rights and obligations of WTO members ~~at similar levels of development~~ **(Japan)**. ~~Acceding~~ ~~Developing~~ countries, **LDCs (G77)** and countries with economies in transition should be provided with **extensive (EU)** technical assistance ~~at all stages of~~ **during** the accession process, **depending on their level of development.** (EU)

57 alt. ~~Acceding developing countries, especially LDCs, and countries with economies in transition should benefit from balanced terms of accession that reflect their trade, financial and development circumstances. These terms should be consistent with the rights and obligations of WTO members at similar levels of development.~~ Developing countries and countries with economies in transition should be provided with extensive technical assistance at all stages of the accession process. (US)

57 bis. **Developed, (insert comma – G77) and developing, countries declaring themselves in a position to do so should provide duty-free and quota-free market access for [all] (G77) products originating from [all] (G77) LDCs, in a manner that ensures stability, security and predictability.** (EU)

58. Countries engaging in regional trade agreements should ensure greater policy coherence and compatibility between their regional and multilateral commitments to ensuring development. For instance, the economic partnership agreements between the European Union and the African, Caribbean and Pacific Group of States ~~should~~ **are to (EU)** serve as instruments for **sustainable (EU)** development and poverty reduction in these States **[and should improve and not impede] and foster (EU) regional integration processes.** (G77)

58 alt. Countries engaging in regional trade agreements should ensure ~~greater~~ policy coherence and compatibility ~~between their regional and~~ **with** multilateral commitments **in WTO.** (US) ~~to ensuring development. The economic partnership agreements between the European Union and the African, Caribbean and Pacific Group of States should serve as instruments for development and poverty reduction in these States.~~ (US)

59. **[More policy space, strengthened support and adequate resources (G77)]** ~~[Strengthened support and adequate resources (EU)]~~ ~~[Strengthened~~ **Continued** support and adequate resources (US)] should be provided to developing countries and countries with economies in transition to **help (EU)** enable them to build human **and** institutional **capacities (EU)** and policy and regulatory frameworks that will allow them to engage effectively and

proactively in multilateral, regional and other trade negotiations and to implement the ensuing agreements. Sustained, country-based and tailor-made support is vital.

60. ~~[The new protectionism in respect of trade and investment from new growth poles in the South is counterproductive and should be eschewed. Enhancing the integration of LDCs~~ **all developing countries, particularly LDCs, (G77)]** ~~[The new Protectionism (US, EU) in respect of trade and investment from new growth poles in the South (Russian Federation) is counterproductive and should be eschewed. Enhancing the integration of LDCs]~~ into international trade requires building their productive capacities and bolstering their participation in value chains, including in new and dynamic sectors of world trade such as the creative industries. Attention should be paid to determining how transition economies can benefit from increasing trade and investment flows with developing countries. Promoting and strengthening effective regional integration and economic cooperation among developing countries will sustain South–South dynamism **and its development-transmitting impact (G77), as will achieving a strong market access result development outcome (G77) in the Doha Round of negotiations. (US)** ~~The Global System of Trade Preferences among Developing Countries (GSTP) and other similar South–South interregional initiatives are important in this respect. Innovation, adaptation and the adjustment of institutional structures for economic cooperation among developing countries, and regional and interregional forums for dialogue and cooperation, are necessary. (G77)~~

60 alt. (combined with para. 60)

60 bis. In this respect, the Global System of Trade Preferences among Developing Countries (GSTP) and other similar South–South interregional initiatives are important. Taking into account the growing trade among developing economies and the need to deepen preferences in order to face multilateral liberalization, as foreseen within WTO, the ongoing third round of negotiations of the GSTP (the São Paulo round) can further promote economic complementarities, thus benefiting equally all GSTP participants and with balanced outcomes, taking into account the different level of development of member States. GSTP and other South–South interregional initiatives can contribute to strengthening developing countries’ role as a dynamic force in the growth of world economic trade. (G77)

61. Effective adjustment support **through initiatives such as Aid for Trade (G77)** should be provided to developing countries to enable them to undertake liberalization and reform pursuant to trade agreements, and **development policies (G77)** to put in place complementary policies for building competitive productive capacities and trade infrastructure based on each country's needs and priorities. **There is a need to ensure that trade liberalization in developing countries, particularly LDCs, is gradual, better designed and properly sequenced, based on country-specific circumstances, and linked to the development of supply capacities and development priorities and objectives of implementing countries. (G77)**

61 alt. Effective technical assistance should be provided to developing countries to assist them in their efforts to undertake liberalization and reform pursuant to trade agreements, and to put in place complementary policies for building competitive productive capacities and trade infrastructure based on each country's needs and priorities. Increased and more effective Aid for Trade is needed to support all developing countries, in particular LDCs and also IDA-only countries, to better integrate into the rule-based world trading system, building productive capacity, trade policy and regulations and infrastructure. (EU)

62. Decisive international efforts must be deployed to comprehensively address non-tariff ~~barriers~~ **measures (G77)** in WTO and regional trade agreements. Efforts should be made to: (a) ~~ensure the meaningful participation of developing countries in standard-setting processes~~ **introduce and explain the standard-setting process to developing countries and ensure their participation; (EU)** (b) design new standards in a transparent and inclusive manner; (c) strengthen institutional and technical capacity in developing countries to respond effectively to new standards in export markets; ~~and~~ (d) promote mutual recognition agreements; **and (e) agree conciliatory expeditious procedures to promote mutually acceptable solutions to concerns regarding non-tariff barriers. (EU, G77)**

62 alt. Decisive international efforts must be deployed to comprehensively address should aim to reduce or eliminate arbitrary or unjustifiable non-tariff barriers in WTO and regional trade agreements. (US) Efforts should be made to: (a) ensure the meaningful participation of developing countries in standard-setting processes; ~~(b) design new standards in a transparent and inclusive manner; (c) and (b)~~ **(US)** strengthen institutional and technical

capacity in developing countries to respond effectively to new standards in export markets; ~~and~~
(d) ~~promote mutual recognition agreements.~~ (US)

[62 bis. Genuine market access is being nullified by a multiplicity and ever-changing range of non-tariff barriers. Most prominently, standards are being used to curtail access by developing countries to developed country markets. It is the responsibility of all States to safeguard their populations and to avoid the use of arbitrary and unfair technical standards designed to complement protectionist policies. In order to ensure that technical standards and sanitary and phytosanitary measures are consistent with the development objectives of the multilateral trading system, there is a need to: ensure the full and meaningful participation of developing countries in standard-setting processes; design new standards in a transparent and inclusive way that is not more trade-restrictive than is necessary on scientific grounds; and strengthen institutional and technical capacity in developing countries to effectively respond to new standards in export markets in a proactive manner. UNCTAD should play a critical role in the creation of a global compact to address these issues. (G77)] (delete para. – EU)

[62 ter. The participation of developing countries in international standard-setting activities should be facilitated through effective measures. The promotion of mutual recognition agreements may also help substantively in reducing friction and resolving disputes caused by different regulations between trading partners and lead to large cost savings for exporting firms worldwide. (G77)] (delete para. – EU)

63. The outcome of the Fifth Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices should be implemented by all. Capacity-building for competition agencies, **such as current regional programmes, (G77, EU)** in developing countries and countries with economies in transition should be strengthened. International cooperation to deal with anti-competitive practices, including through the Intergovernmental Group of Experts on Competition Law and Policy, should be fostered. **An international project for capacity-building on competition law and policy should be established by UNCTAD with financial, human and technical support from member States. (G77)** (discuss in section C, UNCTAD's contribution – EU, Russian Federation)

63 bis. States should accord full consideration to requests for consultations on issues concerning the control of anti-competitive practices, in line with section F of the United Nations Set, with a view to finding mutually acceptable solutions. (G77) (*amend and combine with para. 63 – EU*)

64. The donor community and international financial institutions should ensure that the Aid for Trade initiative is comprehensive in scope, funding, **additionality, predictability** (G77) and sustainability. Aid for Trade could be modulated to meet the immediate needs of coping with trade shocks and costs arising from liberalization, and to build productive capacity and competitiveness. Aid for Trade should meet the common and specific needs of developing countries and deliver global public goods in a demand-driven and needs-based manner. **It should also include assistance to build supply-side capacities, including trade-related infrastructure.** (G77) Multilateral institutions, including UNCTAD, should be provided with financial support by donors to deliver trade-related technical assistance and global public goods.

64 alt. The donor community and international financial institutions should ensure that the Aid for Trade initiative is **effective and sufficient to help developing countries maximize the benefits of trade** ~~comprehensive in scope, funding and sustainability. Aid for Trade could be modulated to meet the immediate needs of coping with trade shocks and costs arising from liberalization, and to build productive trade capacity and competitiveness.~~ (US) Aid for Trade should meet the common and specific needs of developing countries and deliver global public goods in a demand-driven and needs-based manner. ~~Multilateral institutions, including UNCTAD, should be provided with financial support by donors to deliver trade-related technical assistance and global public goods.~~ (US)

64 alt bis. The donor community, **beneficiary countries and** international institutions should ensure that the Aid for Trade initiative is comprehensive in scope, funding and sustainability. **Donors need to fulfil their pledges and increase their contributions appropriately, and engage fully in country-led coordination efforts such as the Integrated Framework for Trade-related Technical Assistance to Least Developed Countries. Beneficiary countries need to integrate trade and Aid for Trade priorities in their own development strategies, as a basis for effective and sustainable support. International institutions should help foster coordination and minimize inconsistencies. Increased and more effective Aid for Trade is needed to support all developing countries, in particular LDCs, to better**

integrate into the rule-based world trading system, building productive capacity and competitiveness. (EU)

64 bis. Developing countries should have the necessary flexibility to protect sectors related to the development of primary commodities, including through customs measures, in order to guarantee necessary investments in the sector. The donor community and international financial institutions should contribute to this process. (G77)

[65. More attention should be paid to commodity issues **and the changing face of commodities. (G77)** There is a need to ~~enhance market access for commodity-based products and to mobilize financial resources to support trade in this area~~ **address the issue of commodity dependence while putting a special emphasis on the situation of small and isolated producers and the LDCs. (EU)** Addressing the causes, and mitigating the adverse consequences, of long periods of commodity price declines and fluctuations is equally imperative. **This requires the introduction of risk management instruments and the development of national commodity restructuring strategies by commodity-dependent countries, based on an analysis of strengths, weaknesses, opportunities and threats. (EU)** Substantial investment is needed in infrastructure, diversification, value addition and competitiveness within commodity value chains, **while making it work for sustainable development, notably by incorporating a clear focus on social and environmental standards. (EU)** ~~The international community should agree on an international action plan on commodities, taking into account the recommendations of the Arusha Declaration and Plan of Action on African Commodities and the Global Initiative on Commodities conference held in Brasilia in May 2007. (EU)] *(delete para. – US)*~~

66. The **meaningful and (G77, EU)** beneficial integration of developing countries into the **global (US)** services economy will require ~~securing favourable conditions for their increasing~~ **increased (US)** participation in world trade generally, ~~as well as in~~ **through the lowering of domestic trade barriers and the lowering of foreign trade barriers in (US)** the Doha Round and regional trade agreements. Sound national, regional and international policies, strategies, regulations and institutions in the area of services are necessary to foster an enabling environment for building a competitive services supply and tackling poverty and infrastructure and human capital deficits. [The international community should pay special attention to the services exports on which developing countries are highly dependent, ~~including Mode 4 and tourism. (EU)] *(delete all of last sentence – US)* **Meaningful participation in the services**~~

economy also necessitates securing favourable terms and conditions for the integration of developing countries into the multilateral trading system, and should facilitate the realization of such conditions. International [solidarity] [partnership (G77)], through the provision of financial and technological assistance and investment, is relevant for ensuring access to essential services and will be particularly relevant for pro-poor services development. (G77)

[67. Developing countries need to conduct comprehensive national services policy reviews, **on a voluntary basis, (G77)** which would allow them to devise national and regional strategies and complementary policies and to build regulatory frameworks and institutions. **These would enable them to develop best practices in an appropriately pacing and sequencing policy reform affecting services sectors. (G77)** The human and social development implications of the service economy have to be addressed to ensure universal access to essential services such as education, energy, health, water, telecommunications and financial services. The availability, capacity and competitiveness of domestic producer services should be improved to enhance export performance. Stronger, more comprehensive support should be provided on services.] *(delete para. – US)*

[68. Temporary labour mobility should be facilitated. Improved market opening commitments under Mode 4 of the General Agreement on Trade in Services (GATS) would unlock new opportunities ~~for~~ **in sectors of interest to (G77)** developing countries ~~in such areas as construction, health care, tourism and information technology-enabled services. (G77)~~ *(divide para. here to create new para. 68 bis – G77)] (delete para. – EU)*

[68 bis. In this regard, Bilateral arrangements between developed and developing countries, as well as ~~and~~ regional arrangements, should ~~to~~ facilitate the movement of workers ~~can help. (G77)~~ This includes measures that encourage temporary migration, with better ways of ensuring return, mitigating brain drain, achieving “brain gain and brain circulation”, and maximizing the productive use of remittances. The Global Migration Group and Global Forum on Migration and Development can bring coherence and synergy to migration, trade and development issues. Win-win approaches to labour mobility and integration for sending and receiving countries are possible at all levels. (G77)] (delete para. – EU, US)

69. ~~[Urgent attention should be paid to ensuring access to energy. Oil exporters should channel windfall revenues into investments in infrastructure and human capital for the benefit of future generations. Promoting development conducive strategies in order to achieve a better energy mix is important for oil importers. (G77, EU, US)]~~ [Oil exporters ~~should~~ **would gain from channelling** windfall revenues into investments in infrastructure and human capital for the benefit of future generations. **(Russian Federation)**] **The diversification of the energy matrix, including renewable energies such as solar, wind, hydro and thermal energy, is important. In that sense, the strengthening of energy technology and infrastructure, on the basis of a holistic approach, is fundamental. Specific financing mechanisms to develop and adopt new energy technologies should be made available where they do not exist and should be exploited more. Biofuels are a potential option to achieve such diversification. Therefore countries should exchange experiences and analysis, in order to further explore the use of this alternative, in a way that would promote social, technological, agricultural, productive and trade development. (G77)**

70. ~~[Trade and development approaches to mitigating and adapting to climate change and to addressing biodiversity issues need to be promoted. Developing countries and countries with economies in transition need assistance in capacity building, technology transfer and adaptation measures with a view to reducing greenhouse gases. Specific financing mechanisms should be made available to develop and adopt new energy technologies. Renewable sources of energy are important. The use of biofuels is a useful option that could be adopted after careful assessment. Biotrade policies and strategies should also be developed. (G77, EU, US)]~~ [The use of biofuels is a useful option that could be adopted after careful assessment, **taking into account food security considerations. (Russian Federation)** *(merge this sentence with para. 69 – G77)*] **The conservation and sustainable use of biodiversity provides opportunities and challenges for developing countries. In that sense, addressing biodiversity issues from different perspectives needs to be promoted and further policy analysis is needed. Biotrade policies and strategies should also be considered. (G77)**

71. Developing countries and countries with economies in transition need support to help them seize new market opportunities ~~for environmentally friendly products and services. (G77)~~ They also need help to enable them to deal with new **internationally developed (G77)** standards, to improve their physical and quality-assurance infrastructure and to design policies that reduce the risk of marginalization of small and medium-sized enterprises and improve their

involvement in global supply chains. ~~Greater~~ Transparency (EU) and consultation by standard-setters **in this respect (EU)** is required.

72. National and international efforts are needed to protect ~~and promote the sustainable use of~~ **against the misappropriation of (G77)** traditional knowledge ~~and ensure the equitable sharing of benefits between patent holders and traditional owners.~~ (EU)

[72 alt. National and international efforts are needed to protect and promote the sustainable use of traditional knowledge and ensure the equitable sharing of benefits ~~between patent holders and traditional owners~~ **to the originators of traditional knowledge. (US)**] (*delete para. – EU, G77*)

[73. **The development of efficient transport, communications and logistics infrastructure and services are strategic factors in expanding trade opportunities. (G77, EU)** Developing countries need to strengthen their trade and transport-related facilitation systems ~~measures (G77, EU)~~. Regional cooperation, ~~and~~ partnerships **and initiatives (G77, EU)** in trade and transport facilitation should be developed and strengthened. An enabling **institutional and legal framework, streamlining administrative procedures, and the use of information and communication technology in** ~~on~~ (G77) international trade and transport to facilitate cross-border transactions, should be explored.] (*delete para. – US*)

73 alt. Developing countries need to strengthen their trade and transport-related facilitation systems. Regional cooperation and partnerships in trade and transport facilitation should be developed and strengthened. ~~An enabling legal framework on international trade and transport to facilitate cross border transactions, should be explored.~~ **A robust multilateral legal framework on international trade facilitation, simplifying trade procedures, reducing administrative barriers and increasing predictability, including through the use of information and communication technologies, would bring substantial development benefits, in particular to landlocked developing countries. (EU)**

[73 bis. **In view of the erosion of trade preferences, including the Generalized System of Preferences, there is a need to address the issue of preference erosion through both trade and non-trade based solutions. (G77)**]

C. UNCTAD's contribution

74. UNCTAD should ~~strengthen its~~ **be balanced and objective in its** analytical, consensus-building and operational work **activities and technical assistance** on international trade, **and development and** the international trading system and trade negotiations. (EU) It should continue to cooperate closely with other international organizations and foster coordination of system-wide United Nations activities in the area of trade and development.

74 alt. UNCTAD has a comparative advantage and expertise in helping all developing countries, particularly LDCs, benefit from globalization and qualitative trade integration. (G77) UNCTAD, as the focal point in the United Nations system for the integrated treatment of trade and development and related issues, should strengthen its analytical, consensus-building and operational work on international trade, the international trading system and trade negotiations on goods, services and commodities. (G77) ~~UNCTAD and other international organizations~~ should continue to cooperate closely ~~with other international organizations~~ and therefore UNCTAD should (G77) foster coordination of system-wide United Nations activities in the area of trade and development. It should further contribute to efforts by the United Nations system to achieve a coherent and effective international cooperation system to achieve the internationally agreed development goals, including the Millennium Development Goals, emphasizing poverty eradication and facilitating inclusive development. (G77)

75. UNCTAD should ~~be provided with sustainable resources to~~ (*delete – US*) (G77) also:

[(a) Continuously monitor and assess the evolution of the international trading system, its development impacts and related systemic issues, and propose ~~pragmatic~~ (G77) policy options and responses;] (*delete subpara. – EU, US*)

[(b) ~~Evaluate~~ [Analyse (G77, US)] [Analyse and explain (EU)] the results and implications of the outcome of the Doha Round – including the outcome with regard to agriculture, non-agricultural issues, services, rules, trade facilitation (G77, EU) and special and differential treatment – from a development perspective;] (*delete subpara. – US*)

- (c) Help developing countries and countries with economies in transition to establish their own negotiating priorities, and enhance their capacity to negotiate trade agreements, implement the outcomes of such agreements and settle trade disputes;
- (d) Support and help build effective capacities for multilateral, regional and bilateral negotiations, ~~including through the Joint Integrated Technical Assistance Programme (JITAP);~~ **(US)**
- (e) Strengthen assistance to [developing] countries [on the basis of their development stage] to prepare ~~at all stages of~~ **for** WTO accession and post-accession, ~~on the basis of sustainable and predictable funding;~~ **(EU, Russian Federation, US)**
- (f) Promote positive coherence and interface between regional trade agreements and the multilateral trading system;
- (g) Support and strengthen regional cooperation mechanisms;
- (h) Work on improved utilization of ~~such~~ **(G77, EU)** trade preferences, **as including (G77, EU)** the Generalized System of Preferences and rules of origin; ~~and~~
- ~~(i) — Address the erosion of preferences. (US)~~

76. UNCTAD should assist in the formulation of national trade and trade-related policies, and in mainstreaming trade in development and poverty-reduction strategies. **UNCTAD should also continue to assist structurally weak, vulnerable and small economies in integrating into the multilateral trading system by helping them to alleviate their exposure to economic and natural shocks. (G77)**

[77. [UNCTAD should contribute to relaunching the commodity agenda **in coordination with the international commodities bodies. It should monitor developments and challenges in** commodity markets and address links between international commodity trade and national development, particularly with regard to poverty reduction. (EU)] [UNCTAD should contribute to relaunching **and updating** the commodity agenda **and therefore UNCTAD should remain at the forefront of efforts to resolve the trade and development problems associated with the commodity economy, covering, inter alia, agriculture,**

forestry, fisheries, metals and minerals, energy, oil and gas. It should **continue to** monitor developments **in commodity markets and assist developing countries, in particular those most dependent on commodities, in formulating strategies and policies to respond to the** ~~and~~ challenges ~~in~~ of commodity markets, **including oversupply**, and addressing links between international commodity trade and national development, particularly with regard to poverty reduction. **(G77)] In particular, (G77)** UNCTAD should assist commodity-dependent developing countries, particularly small commodity producers, in their efforts to: develop national commodity strategies; build supply-side capacity; attain competitiveness, including through the Aid for Trade initiative; comply with standards; access commodity information and databases; provide value added; and reach global markets. UNCTAD should support their efforts of commodity-dependent developing countries ~~mobilize increased flows of development assistance to commodity-dependent developing countries and~~ to diversify production. **(EU)** It should also address the high volatility of prices, especially of agricultural products, develop commodity financing and risk management schemes (including commodity exchanges), ~~participate~~ **support the participation of developing countries (G77)** in supply value chains and promote intergovernmental cooperation in the field of commodities. UNCTAD should continue to build effective multi-stakeholder partnerships with a view to identifying sustainable approaches to commodity-related problems.] *(delete entire para. – US)*

77 bis. As part of its efforts to work with producing countries to reduce commodity dependence, UNCTAD is encouraged to promote revenue transparency and responsible natural resource management including through the promotion and support of initiatives like the Extractive Industries Transparency Initiative (EITI) or the Forest Law Enforcement, Governance and Trade Action Plan (FLEGT). UNCTAD could assess the potential impact on natural resources and the environment that the development of new economic activities and services can imply. This work would thus raise awareness of these potential impacts. UNCTAD could potentially make a significant contribution in collaboration with other relevant stakeholders to these issues, which are, at present, not being looked at consistently by any other major body in the United Nations system. **(EU)**

78. UNCTAD should strengthen its comprehensive work on services, trade and development by:

(a) Enhancing its analysis of developing countries' capacity to increase their participation in global services production and trade;

- (b) Organizing multi-year expert meetings;
- [(c) ~~Developing~~ **Assisting developing countries in establishing (G77)** regulatory and institutional frameworks and cooperative mechanisms to support competitive service supply capacity in all sectors;] (US)
- (d) Providing support in national services assessment and policy reviews;
- (e) Examining ~~all~~ **issues of interest to members (US)** relating to the liberalization of trade in services and its development impact, including at the regional level;
- ~~(f) Continuing its analytical work on GATS rules and domestic regulations; (US)~~
- (g) Fostering recognition of qualifications and standards;
- (h) Providing support to multilateral, **and** regional ~~and South-South (G77)~~ negotiations on services; and
- (i) Strengthening services data and statistics.

[79. UNCTAD should conduct research and analysis on trade **and development**-related **(G77)** aspects of labour mobility, labour integration, the temporary movement of workers and trade in skills. It should promote consensus on policy and regulatory frameworks to enhance the benefits of labour movements.] *(delete para. – EU, US, Japan)*

80. UNCTAD should also:

- (a) ~~Strengthen~~ **Help strengthen (EU)** the participation of developing countries in dynamic and new sectors of world trade;
- [(b) Conduct trade adjustment reviews of developing countries and countries with economies in transition;] **(G77)**
- (c) ~~Comprehensively~~ **Address (US) non-tariff barriers and unilateral trade measures and their impact on trade and development; (G77)**

(d) Further improve and disseminate its analytical tools, such as the Trade and Development Index, and databases and software, such as TRAINS/WITS; and

(e) Strengthen its work on the linkages between trade and **internationally agreed development goals and objectives, including (G77)** the Millennium Development Goals, including poverty reduction and gender equality.

81. UNCTAD should promote and support economic cooperation among developing countries, including through the exchange of experiences and institution-building. It should upgrade its data and analytical tools on South–South trade and strengthen related technical assistance programmes. It should also bolster support for the GSTP and enhance its utilization by beneficiaries.

[82. UNCTAD should ~~conduct~~ **contribute to (G77)** research and analysis on [~~feasible alternative energy sources,~~ **energy diversification, (G77)**] [**all feasible energy sources, (Russian Federation)**] including **the use of (G77)** renewable energy sources, and energy efficiency measures, so as to expand capacity and diversify supply. UNCTAD’s work on the oil and gas sector, as well as on renewable energy sources, should help developing countries achieve better energy mixes.] (*delete para. – EU, US*)

[82 bis. UNCTAD should enhance, under its three pillars, efforts in the field of biofuels, with a view to supporting the decision-making process in developing countries with regard to the potential of biofuels in the energy system, taking fully into account specific national circumstances. The UNCTAD Biofuels Initiative should strive to maximize the trade and development gains for developing countries while minimizing the potentially adverse environmental and social aspects of the biofuel option. The biofuel option is complementary to conventional energy alternatives and does offer, in some cases, investment, trade and development opportunities for developing countries. (G77)] (*delete para. – EU*)

[83. UNCTAD should analyse key issues at the interface of trade, the environment and development, and should promote proactive measures to deal with new stringent, complex and multidimensional environmental, health and safety requirements, **in full cooperation with other international organizations such as CODEX, the International Standards Organization and the United Nations Development Programme. (Japan)** It should also

~~enhance production and export opportunities for environmentally friendly products and processes [explore ways to facilitate access to and the transfer of solar energy technology and other renewable energy technologies (delete – Japan, EU)] (G77) and assist developing countries in the WTO negotiations on liberalization of trade and the environmental goods and services. UNCTAD should focus attention on the trade and development impact of climate change and biodiversity issues, including through the Biotrade programme and the Biofuels initiative. (G77) (EU: delete second and third sentences ("It should also ... the Biofuels initiative") and add the following) It should assist developing countries in realizing their interest in the WTO negotiations on liberalization of environmental goods and services to take an active part in the debate. It should also enhance production and export opportunities for environmentally friendly products and processes. (EU)] (delete para. – US)~~

83 alt. (combined with para. 83)

[83 bis. UNCTAD should build on its experience to enhance its Biotrade Initiative, which gives support to the growing market for biodiversity products and services produced in a sustainable manner. The Biotrade Initiative has supported the creation of conducive legal frameworks and an enabling environment for private sector engagement in sustainable use and conservation of biodiversity. (G77, Switzerland)] (delete para. – Japan)

83 ter. UNCTAD should strengthen its work and various activities on the special problems of LDCs, small island developing States and landlocked developing countries, and on the related special problems and challenges faced by transit developing countries and by structurally weak, vulnerable and small economies. (G77) (EU – move to elsewhere in text, avoiding repetition)

[83 quater. UNCTAD should contribute within its mandate to efforts by the United Nations system to achieve a coherent and effective international cooperation system, supportive of middle-income countries in their development efforts, to achieve the Millennium Development Goals, emphasizing poverty eradication and facilitating inclusive development. (G77)] (delete para. – EU, US)

84. ~~UNCTAD should strengthen support to developing countries and countries with economies in transition and their regional organizations to build up, implement and enforce competition and consumer protection laws and policies. It should expand voluntary peer reviews of competition policies. UNCTAD should promote international cooperation to deal with cross-border anti-competitive practices, in line with the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices and through the Intergovernmental Group of Experts on Competition Law and Policy.~~ **(US) Programmes like the technical assistance programme on competition and consumer protection policies for Latin America (COMPAL) could be replicated in other regions. Accordingly, future action by UNCTAD in this area needs to focus on: (G77) (reword para. – EU, Japan, Switzerland)**

- (a) Preparation and implementation of national and regional competition law and policies, and consumer protection measures, appropriate to developing countries' development needs;**
- (b) Research and deliberations regarding anti-competitive practices in different sectors, their effects upon global markets and developing countries' markets in particular, and mechanisms to address such effects;**
- (c) Examining all issues relating to the interface between competition, trade, privatization and innovation and their impacts on development, including at the regional level;**
- (d) Providing support to regional and South–South cooperation on competition policy;**
- (e) Preferential or differential treatment for developing countries in the formulation and implementation of competition and consumer protection laws;**
- (f) Voluntary peer reviews of competition policy in UNCTAD should be extended to a wider group of developing countries and their regional economic organizations; and**

(g) The intergovernmental group of experts on competition policy is a key body for the exchange of best practices and the provision of capacity-building in dealing with anti-competitive practices. (G77)

84 alt. UNCTAD should continue to be the forum to discuss competition issues on the multilateral level, with close linkages to existing networks of competition authorities, and to promote the use of competition law and policy as tools for achieving domestic and international competitiveness. UNCTAD's work in this area should promote competition law regimes that accommodate the special needs of developing countries and that take into account the prevailing economic conditions in these countries. Competition authorities in developing countries should also benefit from better coordinated and coherent technical assistance and capacity-building activities, and UNCTAD could play an important role in this, together with the other appropriate international and regional organizations. Programmes like the technical assistance programme on competition and consumer protection policies for Latin America (COMPAL) could be replicated in other regions. (EU)

[84 bis. UNCTAD should further promote and support cooperation, including by facilitating voluntary consultations among member States and regional groupings, in line with section F of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, adopted by the General Assembly in 1980 and reaffirmed in the São Paulo Consensus and at the Fifth Conference to Review All Aspects of the Set, held in 2005. (G77)] (EU)

[85. UNCTAD should continue to analyse the development dimension of intellectual property and its trade-related aspects, including the trade-related aspects of intellectual property rights; the transfer of technology to developing countries; and the protection, preservation, sustainable use, and fair and equitable sharing of the benefits of knowledge, genetic resources and folklore.] *(delete para. – EU, US)*

[85 bis. UNCTAD should play a significant role in support of the implementation of the 45 recommendations which make up the intellectual property development agenda unanimously adopted by the General Assembly of the World Intellectual Property Organization (WIPO) in 2007. For this purpose, UNCTAD shall enhance its competencies in the analysis of the development dimension of intellectual property and its impact and

relevance for developing countries; in particular, UNCTAD should promote studies and recommendations on ways and means of using intellectual property as a tool for promoting the real transfer of technology to developing countries, and for meeting their specific trade interests, research and development priorities, and public policy goals.

(G77)] *(delete para. – EU, US)*

86. UNCTAD should continue to ~~engage in~~ **play an important role in developing, (G77) operationalizing and implementing the Aid for Trade initiative. UNCTAD should help create an environment that will ensure greater resource flows from donor countries to help developing countries build or assign institutional frameworks and structures to engage in multilateral trade negotiations, particularly through existing institutions involved in trade and development. UNCTAD, with donor support, should provide focused support to developing countries, in building their capacity to negotiate trade agreements, implement them and undertake the necessary adjustments to compete and trade. Such assistance, provided at the global level, in the delivery of global public goods must be continued and enhanced, as complementary to the Aid for Trade initiative. (G77)**

86 alt. UNCTAD should continue to engage, in cooperation with other agencies, in the Enhanced Integrated Framework and focus its trade-related technical assistance in a way that best contributes to the Aid for Trade initiative. (EU)

[87. UNCTAD should continue to ~~monitor developments and~~ **(EU) help developing countries in policy formulation to (G77) build capacities in trade and transport facilitation and transport supply capacity, (G77) including multimodal transport. UNCTAD should also provide technical assistance to developing countries, especially landlocked and transit developing countries, to improve the availability and efficiency of infrastructure and transit transport facilities to support trade. (G77)]** *(delete para. – US) (improve language – EU)*

(General comment: EU would like to avoid the constant repetition in each sub-theme of the “transport facilitation” issue)

III. Sub-theme 3: Enhancing the enabling environment at all levels to strengthen productive capacity, trade and investment: mobilizing resources and harnessing knowledge for development

A. Policy analysis

88. Successful integration into international trading, production and technology networks depends both on boosting productive capacities and on benefiting from the activities of transnational corporations (TNCs), **through, *inter alia*, (US, EU) establishing business linkages between domestic small and medium-sized enterprises and global TNCs and enabling them to enter into global and regional value chains through such linkages. (G77, EU)** Achieving this requires enabling policies at both the national and the international level **to encourage enterprise development by, *inter alia*, (US, EU) fostering business linkages, industry clusters and entrepreneurship. (G77, EU)**

89. Global inflows of foreign direct investment (FDI), including to developing countries, have increased ~~dramatically~~ **(G77)** in recent years. However, they remain uneven in terms of economic activities and ~~host~~ **recipient** countries. **(G77) [Investments remain] [*For instance, investments in some countries, especially in Africa, remained* (secretariat)] concentrated in extractive industries in 2006 (secretariat). ~~and~~ (US) LDCs still attract only 0.7 per cent of global inflows (or ~~2.4~~ **2.5** (secretariat) per cent of inflows to developing countries). The question of how to ensure that developing countries, particularly LDCs, benefit more from global investment activities is therefore still unanswered. (G77) (*combine paras. 89–93, and make more concise – Japan*)**

90. The rise of Southern TNCs is a relatively recent trend whose scope for addressing the needs of developing countries should be further explored, **including the adoption of voluntary codes of conduct by TNCs. (US, EU)** Although most FDI still originates in developed countries, South–South FDI constitutes almost half of all inward FDI in a number of LDCs.

91. In addition to capital flows, FDI can generate **employment, (US, EU)** transfers of technology and knowledge, access to international markets and competition. **Furthermore, FDI is *can be* (US, G77) complementary to national, regional and international efforts to mobilize resources for development. (G77) [Potential risks associated with FDI (G77)]**

[Along with the benefits of FDI, potential risks (US, EU)] include crowding out local investments, anti-competitive practices, transfer pricing, and ~~adverse~~ **(EU)** environmental and social impacts. Countries should therefore consider both the quality and quantity of FDI.

92. To seize opportunities, countries need active and well-sequenced policies to maximize the development benefits of investment flows.

93. ~~One of the challenges in~~ **In** relation to international investment agreements, ~~is the~~ **there is a (G77)** need to balance the interests of home countries, host countries and foreign investors. The settlement of disputes between investors and States deserves **special (G77)** attention, and national capacities to negotiate development-friendly investment agreements need to be enhanced.

[94. Intellectual property rules have significant economic, social and environmental impacts on developing countries, including LDCs. ~~While increasing attempts are being made to harmonize standards throughout the world,~~ **Global** intellectual property ~~policies~~ **systems (G77)** need to reflect the level of development of each country.] *(delete last sentence – Japan) (delete entire para. – US)*

(New)

94 alt. Recognizing that intellectual property systems should take account of different levels of development, developing countries and LDCs should continue to be able to enjoy the special and differential treatment presently available to them in intellectual property agreements. (EU)

95. Domestic reforms are crucial to attracting and benefiting from FDI. ~~It can~~ **has to (G77)** be complemented by well-designed international rules that allow countries the flexibility to pursue their own development strategies. **[Developing countries need the policy space and flexibility necessary to pursue development strategies that are compatible with their specific development conditions within the framework of a developmental State, that is, a State that seriously attempts to deploy its administrative and political resources for the task of economic development. (G77)]** *(delete – EU)*

96. ~~Building productive capacities requires an enabling environment that takes into account the dynamics of different kinds of enterprises. Small and medium-sized enterprises face particular obstacles with regard to the acquisition of technical and business know-how, access to international markets, integration into global value chains and internationalization.~~ **Building productive capacities requires the establishment of an enabling environment for private sector development which takes into account the dynamics of different kinds of enterprises. In seeking to seize opportunities from globalization, small and medium-sized enterprises from developing countries face challenges in terms of managerial and financial resources and the ability to upgrade and innovate. The development of entrepreneurial capabilities in this respect is crucial, especially in the poorest countries (LDCs), where the lack of domestic entrepreneurial capabilities is a major weakness. (G77)**

97. Insurance can help facilitate trade and commerce, generate employment, ~~deepen~~ **contribute to building developing countries' (G77, EU)** financial markets and spread risk. Catastrophe risk insurance has become particularly important. ~~However, insurance services are inadequate in many countries.~~ **The environment for insurance services needs to be improved in many developing countries. (Japan, EU)**

98. New demands for financial and non-financial corporate transparency also create challenges, as reporting standards and codes are formulated for highly developed capital markets. Implementation can be a further challenge. ~~Moreover, accounting and financial reporting of environmental costs and liabilities will increasingly be required of companies in the context of addressing the challenge of climate change. (EU)~~

[99. The “technology gap” is one of the main causes of the widening socio-economic gap between nations. Today, ~~even the poorest~~ **all developing countries, including LDCs, (G77)** need to harness knowledge and technology if they are to be competitive and benefit from trade. However, the current international regimes governing intellectual property rights limit the opportunities for countries, particularly LDCs, to “~~learn by doing~~” **access knowledge and technology transfer. (G77)]** *(delete last sentence – Japan) (delete entire para. – EU)*

99 alt. The “technology gap” is ~~one of the main causes of~~ **linked to** the widening socio-economic gap between nations. **(US)** Today, even the poorest countries need to harness knowledge and technology if they are to be competitive and benefit from trade. ~~However, the~~

~~current international regimes governing intellectual property rights limit the opportunities for countries, particularly LDCs, to “learn by doing”.~~ **Additional efforts are needed to enable LDCs to apply intellectual property rights in a manner that contributes to reducing their technology gap. (US)**

100. Information and communication technologies (ICTs) are ~~driving~~ **helping to drive (US)** globalization by lifting enterprises into the knowledge-based **(secretariat)** economy. They also contribute to the fragmentation of global value chains. Access to low-cost ICTs, in particular telecommunications, is crucial to the development of a competitive business sector, even in traditional activities of importance to developing countries, ~~such as tourism.~~ **(EU)**

101. Trade facilitation and access to efficient transport services are essential for trade competitiveness. Infrastructure in many developing countries urgently needs to be improved, ~~and competitive pressures are mounting as trade supporting infrastructure and services are increasingly provided by the private sector~~ **as does the regulatory environment for conducting border transactions. (US, EU)** Developing countries also face increasing demands to comply with different requirements in respect of maritime ~~trade~~ **and supply-chain (US, EU) security.** *(treat this issue in sub-theme 2 or 3 but not in both – EU)*

101 bis. The share of public investment in GDP, and especially the share of infrastructure investment, has declined during the last few decades in a number of countries. Since the private sector has not increased the investment in infrastructure as was hoped, significant infrastructure gaps have emerged in several countries. These gaps adversely affect the growth potential of those countries and limit improvements in socio-economic conditions. (G77)

B. Policy responses

102. Efforts at the national level to **promote a conducive environment for development and (G77)** introduce reform and reduce poverty need to be supported by an enabling **international environment that has the full support and the full commitment (G77)** of the international community.

[103. ~~The primary responsibility for boosting productive capacity and technological upgrading lies with countries themselves. (G77)~~ Attracting and benefiting from FDI also needs appropriate **international, regional and national** investment and development policies **for boosting productive capacity and technological upgrading. (G77)** ~~More research is needed on the development impact of FDI and TNC activities. (G77)~~ **Attracting FDI also requires the minimizing of risks associated with FDI. There is a need to help enhance the understanding of the social, economic and development impact of FDI and TNC activities by strengthening development-oriented policy research and analysis in this area. In that respect, there is also a need to enhance the information, data and development-oriented analysis on FDI and TNC activities available to policymakers to enable them to make informed decisions. (G77)]** *(delete para. – US)*

[104. Good governance and the rule of law ~~at all levels~~ (US) can help create an environment conducive to the mobilization of resources for development. There is no one-size-fits-all solution, so countries must engage in a constructive dialogue, based on mutual respect ~~and non-interference~~, (US) on how to strengthen governance and the rule of law.]

105. **[All countries, and TNCs themselves, (EU)]** ~~[Home countries and of TNCs, and the TNCs themselves, (G77)]~~ can help promote development through appropriate policies **and strategies. (EU)** Corporate **social (EU)** responsibility and good governance can help the business sector ~~be as (G77)~~ a positive agent **for economic development. [As such, Special attention should be paid to guaranteeing that countries or sectors where TNCs do not have negative social economic consequences may have a negative impact on social and human rights. (G77)]** ~~[TNCs may have a negative impact on social and human rights, including economic and social rights. (EU)]~~ **[Special attention should be paid to countries or sectors where TNCs may have a negative impact on social and human rights. (US)]**

106. ~~Further dialogue is needed on~~ Investment in basic economic and social infrastructure **is needed (G77)** so as to overcome the development deficit in many countries. The priorities of developing countries ~~should~~ **shall (EU)** guide donor assistance, especially in countries where ODA and FDI and other external flows are needed to fill the investment gap.

107. (deleted)

108. Countries can learn from the mistakes and successes of others, especially in an international setting that creates a global pool of existing experiences. Regional arrangements or South–South cooperation may help countries to deal with some issues, forge consensus and establish a common bargaining position.

109. The international community can help by providing better information on national and international investment laws and regulations and on country opportunities and risks.

Sovereign risk assessments made by the private sector should maximize the use of strict, objective and transparent parameters, which can be facilitated by high-quality data and analysis. (G77) (para. 58 of the Monterrey Consensus)

110. Improved partnerships with the private sector both at home and abroad can help to strengthen the integration of developing countries and local producers into global production systems. Developing internationally competitive small and medium-sized enterprises requires policies aimed at domestic entrepreneurial capabilities, business linkages and industry clusters.

111. If they are to influence emerging standards on corporate transparency and accounting, developing countries need to coordinate their efforts, share their experiences with implementation and monitor standards and codes. A harmonized and robust environmental accounting and reporting framework is needed for policies related to **the trade and development impact of** climate change. **(G77) (delete last sentence – EU, US)**

112. **For** developing countries and countries with economies in transition ~~need~~ **who make the strengthening of their insurance sector a development priority, in order to attract** targeted international assistance **should be made available (US) on the basis of their priorities (EU, G77) to strengthen their insurance sector. (US)** Policy responses should concentrate on the establishment of competitive and well-regulated insurance markets, policy advice on WTO negotiations and training programmes.

113. To help upgrade technological capabilities, Governments should regularly assess the conditions for technology acquisition and upgrading and should implement and review their science, technology and innovation (STI) policies. Supportive institutions may include public-private partnerships and STI policies may be incorporated into national development policies and poverty reduction strategies.

114. Strategic partnerships between North and South can contribute to the sharing of knowledge, innovation and technology transfer. South–South cooperation, **as a complement to North–South cooperation, (G77, EU)** should be strengthened, ~~with the more advanced developing countries sharing their technological innovations~~ **including through science and technology cooperation for development. (G77, EU)** South–South cooperation should be strengthened, with the ~~more advanced developing~~ **emerging (EU)** countries sharing their technological innovations. Financial or technical cooperation needs to be reinforced to address the gap in science and technology education and research in developing countries, especially LDCs.

[115. The international community should seriously consider an intellectual property rights system that supports research and the creation of knowledge, as well as its use and dissemination, and that takes into account the special needs of ~~poor~~ **developing** countries, **including access to knowledge and the transfer of technology. (G77)** It is important to explore the possibilities of improving flexibilities in intellectual property rights regimes for countries at different levels of development. Consideration should also be given to other measures for encouraging technology diffusion and knowledge-sharing through open-source software systems and international partnerships.] (*delete para. – US, EU*)

116. Measures to develop ICT infrastructure and build ICT skills must be taken to narrow the digital divide and to ensure countries' full and effective participation in the knowledge-based economy. These should continue to be supported by full participation of developing countries in ICT-related international discussions, in particular those within the framework of the follow-up to and implementation of the outcome of the World Summit on the Information Society and the discussions in the Commission on Science and Technology for Development.

117. At the national level, ICT policies and strategies need to create an enabling environment for the domestic information economy and a competitive ICT industry. The main elements include developing the ICT infrastructure and the telecommunications sector, upgrading digital skills, implementing a legal and regulatory framework to support ICT-related business development, trade and investment, e-government and technological innovation. These actions need to be integrated in national development plans or poverty reduction strategy papers, and ICT policies need to be regularly reviewed.

118. ~~International trade and transportation require an enabling legal framework designed to facilitate cross-border transactions. Internationally uniform laws, rules and~~ **A rules-based approach to international trade and transportation (US)** standards, as well as effective national implementation, ~~are~~ **by developing countries is (US)** needed to bring genuine benefits to traders and help reduce transaction, administrative and legal costs.

119. ~~Participation in the relevant international consensus-building processes is crucial to ensuring effective implementation at the national level. (EU, US) With the increasing involvement of the private sector, d~~Developing countries need to strengthen their capacity to monitor, regulate and facilitate **regulatory framework in a manner that facilitates (US)** the development of relevant industries.

120. Landlocked developing countries and transit developing countries need to improve their transport ~~related facilitation systems, [services, (US)] [arrangements and measures (G77)]~~ infrastructure and institutional and regulatory frameworks. Policy needs to ~~enable solutions whereby~~ **promote competitive, safe and effective transportation services for both** landlocked and transit developing countries ~~can benefit from comprehensive and practical trade and transit facilitation arrangements. (US)~~

121. Measures to enhance the security of international supply chains and to address environmental concerns, ~~particularly with regard to climate change, (EU, US)~~ also have to be taken into account.

C. UNCTAD's contribution

122. UNCTAD's work on investment should continue to assist developing countries, in particular ~~smaller countries~~ **small, weak and vulnerable economies, (EU)** landlocked developing countries, small island developing States and LDCs, in designing and implementing active policies to boost productive capacities and international competitiveness. Attention should be paid to the role of **both North-South and (US)** South-South investment and of domestic investment, both private and public. The work should have the objective of sustainable development, good governance, and a supportive investment climate in national development strategies. UNCTAD should explore ways to enhance the private sector's role and support developing countries' efforts to bring informal activities into the formal sector.

(combine paras. 122-126, and make more concise – Japan)

123. UNCTAD should continue to produce policy analysis on the development impact of FDI, ~~as reflected in the World Investment Report.~~ **(G77)** It should focus on ways to maximize the benefits and minimize the costs of FDI through appropriate host- and home-country policies. It should develop its activities in collecting and analysing data on TNC activity and relevant national and international laws and regulations, and strengthen its assistance to help LDCs formulate better policies on the basis of accurate and up-to-date information. It should step up its policy-oriented research on issues related to the interaction of FDI and domestic investment, the relationship between ODA and FDI, the impact of FDI on industrialization and entrepreneurship, and the role of FDI in services, infrastructure development and the building of export capacity and human resources. Other issues include the linkages between foreign and domestic firms and best practices to encourage quality investment flows. In addition, UNCTAD should further analyse investment from developing countries and countries with economies in transition, ~~and as well as~~ explore **(G77)** the scope for deeper South–South cooperation.

124. UNCTAD should provide a platform for an international dialogue on best practice in investment policies. An inventory of best policy practices could contribute to ~~the transfer of a~~ **dialogue on (G77)** policymaking know-how. UNCTAD, ~~the Organization for Economic Cooperation and Development (OECD)~~ **together with intergovernmental and regional organizations** and other partners, **particularly those from developing countries**, should engage countries at every development level to help ~~create an~~ **ensure (G77)** an institutional environment conducive to FDI and development.

125. UNCTAD should support developing countries and countries with economies in transition in formulating and implementing investment policies and should assist them with relevant legislation and regulations, in line with their development strategies. Investment policy reviews (IPRs) and their follow-up, and assistance to national investment promotion agencies, play an important role in this regard. A broader and more structural approach to the process of undertaking IPRs should be considered, under which UNCTAD would be entrusted with drafting the reviews, ensuring wider coverage of developing countries and elaborating on the development implications of FDI and the related investment framework. IPRs should be regularly updated so as to maintain the focus and follow up recommendations.

126. UNCTAD should continue to support efforts by developing **countries** and ~~transition countries with~~ **economies in transition (G77)** to attract and benefit from FDI through national and subnational investment promotion agencies, **including by helping them to formulate and implement investment policies and by assisting with relevant legislation and regulations in line with their development strategies. Investment policy reviews and their follow-up, and assistance to national investment promotion agencies, can play a special role in this connection. (G77)** In UNCTAD's advisory services, in its analytical work on pragmatic tools and best practices in investment promotion, and in its capacity-building programmes (~~including in relation to good governance~~), the focus should be on issues of relevance to low income ~~countries~~. **(G77)** Investment guides should be produced for all landlocked developing countries that request one.

127. UNCTAD can help developing countries participate in the ~~international~~ **(G77)** debate on international investment agreements (IIAs) **and their development roles. (G77)** ~~The emphasis should be on ensuring coherence and consistency in national and international policy.~~ **(G77)** UNCTAD's work in this area should include policy analysis and capacity-building in relation to the management of investor-State disputes, alternative means of dispute settlement, the approach to investment promotion and ways to enhance the development dimension of IIAs. It should focus on the development dimension of IIAs, examine the effects of current IIAs and consider all options for future IIA strategies. *(incorporate last part of this sentence, "examine the effects of current IIAs and consider all options for future IIA strategies", in third sentence of the para. – EU)*

128. UNCTAD should analyse voluntary enterprise policies on corporate social responsibility and other codes of conduct with a view to identifying best practices for maximizing the development impact of TNCs, **bearing in mind that the primary corporate responsibility of TNCs is to abide by the laws and comply with the tax and fiscal procedures of the host country. (G77)** ~~Coordination with other bodies, including OECD, the World Bank, the United Nations Industrial Development Organization (UNIDO), the United Nations Global Compact and the International Organization for Standardization (ISO) Working Group on Social Responsibility,~~ **among UNCTAD and other bodies, in accordance with the rules and procedures of the General Assembly of the United Nations, (G77)** will be important to ensure the best possible value added. *[make a connection with para. 105 – G77)*

[129. UNCTAD should support efforts by developing countries to harmonize their intellectual property policies **with international standards, taking** their development objectives **into account. (Japan)** The mandate given to UNCTAD to engage in intellectual property issues, as set out in the Bangkok Plan of Action and the São Paulo Consensus, ~~should be~~ **is (G77)** reaffirmed. **UNCTAD should also cooperate with other relevant international organizations, particularly WIPO, to provide developing countries, upon request, with advice on how to gain access to and make use of intellectual property-related information on technology, particularly in areas of special interest to the requesting parties. (G77)]**
(delete para. – EU)

130. UNCTAD should strengthen its activities in research and analysis, technical assistance and consensus-building with regard to stimulating enterprise development and business facilitation. Measures should be identified to enable enterprises, especially small and medium-sized ones in developing countries, to comply with international standards, promote their technological and innovation capacities, access new technologies and enhance their participation in global value chains. UNCTAD should analyse the linkages between small and medium-sized enterprises and foreign affiliates in order to increase the development benefits of FDI and enhance the international competitiveness of firms from developing countries. UNCTAD should continue to support developing countries and countries with economies in transition in adopting and implementing the International Financial Reporting Standards.
(combine paras. 130 and 131, and make more concise – Japan)

131. UNCTAD should analyse and disseminate best practices with regard to the transparency, simplification and automation of government administrative procedures, **including public procurement. (EU)** It should help developing countries build their technical capacity to implement such practices. It should also promote intergovernmental consensus-building on standards and benchmarks in business facilitation.

132. Through the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, UNCTAD should help developing countries participate in the processes that set internationally recognized accounting and reporting standards and codes. Alongside development partners, UNCTAD should assist developing countries in building the technical capacity and institutions needed for the implementation of such standards and codes. It should continue to contribute to the field of environmental accounting and reporting with a

view to promoting a harmonized approach among member States. *(EU would prefer to have just one paragraph concerning ISAR if both paras. 131 and 132 are related to it)*

133. In the area of insurance, UNCTAD should ~~continue to provide policy advice on prudential~~ **strengthen its work. It should assist countries in developing technical expertise to administer the insurance sector and establish pro-development, legal and (G77) regulatory frameworks, competitive insurance markets, human resource development (G77) and international cooperation for catastrophe risk management in cooperation with international financial institutions and other relevant organizations. (Japan)**

133 alt. In the area of insurance, UNCTAD should continue to provide policy advice and technical assistance on prudential regulatory frameworks, the establishment of competitive insurance markets and human resources development. It should continue to provide assistance with preparedness and response to natural and human-made disasters and catastrophe risk management, especially for Africa. (proposal by the secretariat)

[134. UNCTAD should further strengthen its research and analysis in the area of science, technology and innovation, ~~and~~ **including (G77) ICTs**, and should promote the design, implementation and monitoring of international and national policies **in collaboration with other international organizations working (US)** in this area. **It should also draw lessons from successful experiences with the transfer and diffusion of technology through FDI and other channels. It should also enhance its support to the efforts by developing countries, in particular LDCs, to respond to technological changes, identify best practices in the transfer of technology and know-how, and assess the effectiveness of policies aimed at domestic innovative capability-building, including the role of intellectual property rights. (G77)** UNCTAD should help strengthen North–South and South–South cooperation in harnessing knowledge and technology for development and assist developing countries and countries with economies in transition through science, technology and innovation policy reviews and related technical assistance.] *(bracket entire para. – EU) (combine paras. 134–136, and make more concise – Japan)*

[135. UNCTAD should also ~~support~~ **contribute to consensus-building in the (G77)** international debate, including within the Commission on Science and Technology for Development, on science and technology, including ICTs, and their implications for development, and should assist developing countries in accessing technological innovations.

UNCTAD should continue to help developing countries to participate effectively in international discussions on technology transfer and knowledge-sharing and to identify policy options and best practice in this area. **It should examine the potential of investment agreements to facilitate FDI flows and further the ability of countries to pursue development-oriented policies. It should continue to provide a forum for the exchange of experiences on the formulation of investment and technology transfer arrangements, with a view to promoting their development dimension. UNCTAD should also examine the development implications of investment and technology transfer arrangements that are under consideration with a view to maximizing their contribution to productivity and development. UNCTAD should furthermore assist developing countries in identifying ways and means to operationalize technology transfer clauses in international agreements and in the outcomes of major United Nations conferences and summits, and in maximizing the potential benefits of those agreements and outcomes. (G77)]** *(bracket entire para. – EU)*

[136. UNCTAD should continue to provide technical assistance to countries on ICT policy reviews, pro-poor ICT policies, legal and regulatory frameworks, and the development of the information economy, including through the Partnership on Measuring ICT for Development launched at UNCTAD XI. It should continue to expand its work on the measurement of the information economy and its related capacity-building activities in developing countries.] *(bracket entire para. – EU)*

137. In its capacity as secretariat to the Commission on Science and Technology for Development, UNCTAD should pursue its role in the follow-up to and implementation of the outcomes of the World Summit on the Information Society. **UNCTAD recognizes, in particular, the need to foster multilateral, transparent and democratic Internet governance and strongly encourages the immediate start of a process towards enhanced cooperation and action-oriented outcomes, as referred to in paragraphs 69–71 of the Tunis Agenda for the Information Society. (G77)**

138. Given the importance of capacity-building in this field, the UNCTAD e-Tourism initiative, launched at UNCTAD XI, should continue to promote the contribution of tourism to development. UNCTAD should ~~also continue to develop~~ **enhance its assistance in capacity-building programmes such as those referred to in paragraph 166 of the Bangkok Plan of Action, the Virtual Institute and TrainforTrade, and should improve (G77) synergies**

between its research and capacity-building activities ~~through such programmes as the Virtual Institute and TrainForTrade.~~ (G77)

138 bis. In addition, UNCTAD should enhance its capacity-building activities, including training for policymakers on the integrated treatment of trade, investment, finance, technology and development issues. It should also support the development of local teaching and research capacities in member countries' academic institutions through the Virtual Institute and foster training and capacity-building aimed at training practitioners to assist member countries to develop a sustainable local capacity in trade, investment and development issues. (G77)

139. In the area of trade facilitation, transport and related services of interest to developing countries, UNCTAD should continue to ~~monitor and~~ (EU) analyse developments and to promote the exchange of experiences. It should also disseminate relevant information, including on the legal and regulatory developments that affect the trade and transport of developing countries and international supply-chain security.

140. UNCTAD should undertake research to develop policy recommendations that will enable developing countries to cut transport costs and improve transport connectivity. The research should pay special attention to the needs of the most vulnerable economies, and in particular to the development and implementation of coherent transit systems that will benefit landlocked developing countries and transit developing countries. Attention should also be paid to the promotion of multimodal transport.

141. UNCTAD should continue to provide capacity-building and technical assistance to policymakers and traders in developing countries on such issues as reducing transport costs ~~and~~ **by** improving transport connectivity **and competitiveness**, (US) developing and implementing appropriate institutional and legal frameworks, and devising and implementing national and international actions to promote transport and trade facilitation, including in transit corridors. It should coordinate this work with other relevant organizations where appropriate. It should continue to assist developing countries in transport and trade facilitation negotiations, including in the context of the Doha Round, and in ensuring the beneficial implementation of agreed rules and standards.

142. ~~In addition to helping Governments design and implement suitable policies, UNCTAD should contribute to the efficiency of trade transactions through managerial assistance to providers of transport services. It should also (US) continue to cooperate with member States in implementing ASYCUDA, the automated system for customs data.~~

[143. Through its research and analysis, UNCTAD should help developing countries make informed policy choices to address the challenges posed by climate change in relation to transport strategies, and to help identify associated capacity-building needs and appropriate regulatory responses.] (*delete para. – EU, US*)

IV. Sub-theme 4: Strengthening UNCTAD: enhancing its development role, impact and institutional effectiveness

144. UNCTAD is the focal point within the United Nations on trade and development and the interrelated issues of finance, investment, technology and sustainable development. For over 40 years, ~~it~~ **UNCTAD (G77)** has consistently addressed the concerns of all developing countries in the ~~international economic and trading systems~~ **areas within its mandate and expertise. (G77)** In the context of deepening interdependence between all countries, ~~this~~ **UNCTAD's unique orientation of the organization and commitment to development (G77)** will continue, providing a ~~vision on strategic and systemic~~ **an independent and balanced analysis on (EU) trade and development issues.**

144 bis. The three pillars of UNCTAD must therefore work in an integrated and holistic manner to contribute directly to the global debate as we move towards 2015, including through a more focused contribution to the work of the global community and the United Nations in this regard, particularly the General Assembly and the Economic and Social Council. UNCTAD, through its unique holistic approach and global credibility, especially among developing countries, can help to restore equilibrium in the major global discussions and debate on key issues on the global development agenda with a view to forging consensus and global action. This must be reinforced with concrete and tangible outcomes of UNCTAD's work, to be put into effect at the regional and national levels by UNCTAD and the other appropriate entities of the United Nations. There must therefore also be closer complementarity between the UNCTAD process and other related processes with a view to strengthening their complementarity, and ensuring a more coherent global contribution to the development agenda as we move towards 2015. (G77)

145. In order for UNCTAD to be able to provide effective **guidance and** support with respect to both new **emerging (G77)** issues and long-standing problems at the interface between trade, development and globalization, institutional ~~reform~~ **strengthening (G77)** is needed. ~~Such reform is an ongoing process. No modern institution can achieve its goals effectively without~~ **This ongoing process should include, inter alia, the adoption of a new and improved clear set of indicators of achievement and the continued adaptation of (G77)** its working methods and structures to changing needs.

145 alt. In order for UNCTAD to be able to provide effective support with respect to ~~both new issues and long-standing problems at~~ (EU) the interface between trade, development and globalization, institutional reform is needed. Such reform is an ongoing process. No modern institution can achieve its goals effectively without adapting its working methods and structures to changing needs **and focusing its resources on a limited set of priority issues at any time.** (EU)

146. Since UNCTAD XI, discussions on strengthening the organization have involved a number of processes, namely the mid-term review conducted by the Trade and Development Board in 2006, the work of the panel of eminent persons established by the Secretary-General of UNCTAD in 2005, and the preparations for UNCTAD XII. Efforts to strengthen UNCTAD's role are also being made within the context of United Nations reform. UNCTAD should fully engage in the United Nations reform processes, particularly concerning ~~United Nations~~ **the United Nations' role in development and, consequently, efforts to strengthen (G77)** system-wide coherence. [**Strengthening the role of the United Nations in (G77)**] [**Trade and (US)**] development will remain a core preoccupation in the ongoing reforms in the United Nations, and UNCTAD will have a distinct role to play in carrying forward the **trade and (US)** development mission of the United Nations. **In order to implement the reform process, it is important that the process be promoted by each organization, and that such reform be implemented in accordance with the "scrap and build" principle.** (Japan)

147. The three pillars of UNCTAD's work – research and analysis, consensus-building and technical cooperation – form an organic whole **in a sequential manner.** (G77) The interaction **and coherence (EU)** between them, **as well as the internal coordination,** (EU) should be reinforced so that UNCTAD can consolidate its position as an organization that conducts ~~ahead of the curve,~~ **within its mandate, sound (EU)** research and policy analysis, translates them into global consensus through its intergovernmental machinery, and supports action-

oriented capacity-building and trade-related technical assistance. To ensure synergy among its three pillars, UNCTAD should strengthen its ~~central~~ **institutional** coordination ~~mechanism~~ **among divisions.** (G77) To ensure synergy among its three pillars, UNCTAD should strengthen its **internal** central coordination ~~mechanism~~ **as well as align more closely the thematic focus of its research and analysis, technical assistance and intergovernmental discussions.** (EU) *(combine paras. 147 and 148 – Japan)*

147 alt. The three pillars of UNCTAD's work – research and analysis, consensus-building and technical cooperation – form an organic whole. The interaction between them should be reinforced so that UNCTAD can consolidate its position as an organization that conducts ~~ahead of the curve~~ (US) research and policy analysis, **tests that research through practical technical cooperation and, when that results in effective, proven development gains,** translates ~~them~~ **those policy recommendations** into global consensus through its intergovernmental machinery, ~~and supports action-oriented capacity building and trade-related technical assistance.~~ (US) To ensure synergy among its three pillars, UNCTAD should strengthen its central coordination mechanism.

148. These three pillars ~~should~~ contribute [~~directly~~ **from a trade and development perspective** to the follow-up to (EU)] [directly to the **integrated** follow-up to **and implementation of (G77)**] the outcomes of the major United Nations conferences and summits, as well as to the ~~accomplishment~~ **achievement** (EU) of internationally agreed development goals, including the Millennium Development Goals.

148 alt. **In accordance with its mandate, UNCTAD should use** ~~these three pillars should~~ **to** (US) contribute directly to the outcomes of the major United Nations conferences and summits, as well as to the accomplishment of internationally agreed development goals, including the Millennium Development Goals.

149. UNCTAD **and other parts of the United Nations system and other international organizations** should actively pursue stronger cooperation with ~~other parts of the United Nations system and other international organizations~~ **each other on matters pertaining to trade and development and related issues.** ~~This~~ **cooperation (G77)** should be based on a **spirit of coherence with the United Nations system and on** a clearer division of labour, and duplication should be avoided, ~~by all organizations~~ **bearing in mind the importance of complementarity.** (G77) UNCTAD should also ~~cooperate closely with appropriate~~ **enhance**

its cooperation with regional organizations, **and work with** civil society and the private sector **while preserving the intergovernmental nature of UNCTAD. (G77)**

149 alt. UNCTAD should actively pursue stronger cooperation with other parts of the United Nations system and other **relevant (EU)** international organizations. ~~Cooperation should be based on a clearer division of labour, and avoiding duplication should be avoided by all organizations~~ **and having in mind the need for efficiency in the allocation of resources and development of synergies. (EU)** UNCTAD should also cooperate closely with appropriate regional organizations, **international bodies**, civil society and the private sector. **(EU)**

A. Research and analysis

150. UNCTAD's research and analysis is the backbone of its work. It should focus on the main trade and development challenges that developing countries and countries with economies in transition face in **the area of trade and development and related issues, including in (G77) pursuing internationally agreed development goals, including the Millennium Development Goals. (EU)** It should in particular help countries to use trade and investment as an engine for economic growth, **the economic empowerment of women (EU)** and poverty reduction. It should encompass issues at the national, regional and international levels ~~[as well as systemic issues affecting development, and it should also take up new and emerging issues~~ **which fall within its core competence. (EU)]** ~~[as well as systemic issues affecting development, and it should also take up new and emerging issues, as well as help to chart the course towards 2015. (G77)]~~

150 alt. UNCTAD's research and analysis is the backbone of its work. **UNCTAD should perform two types of research. One type should be research that is forward-looking and that identifies emerging challenges and opportunities for developing countries. (US)** It should focus on the main trade and development challenges that developing countries and countries with economies in transition face in pursuing internationally agreed development goals. It should in particular help countries to use trade and investment as an engine for economic growth and poverty reduction. ~~It should encompass issues at the national, regional and international levels as well as systemic issues affecting development, and it should also take up new and emerging issues.~~ **The second type of research should look at existing policies that support development, identify if there are good policies that LDCs have not implemented and explain why, and then, in cooperation with potential beneficiary LDCs,**

devise best practices and a concrete plan for their implementation. UNCTAD should use cost-benefit analysis to help LDCs determine the priority they should give to implementation of policy recommendations. (US)

151. UNCTAD's research and analysis should be policy-oriented **and grounded in the policy context, (G77)** and should put forward practical ~~and innovative~~ (US) policy recommendations based on empirical research and analysis of **international trends and dynamics, as well as (G77)** best international and national practices. It should take account of country **needs, priorities and (G77)** experiences **at different levels of development (G77)** and place greater emphasis on regional and national case studies and country-specific policy reviews in the areas of investment, trade and commodities, and science and technology. **It should also consider the impact of global and systemic issues on action at the regional and national levels, and engage in global-level policy recommendations accordingly. (G77)**

151 alt. UNCTAD's research and analysis should be policy-oriented **and demand-driven** and should put forward practical and ~~innovative~~ policy recommendations ~~based on empirical research~~ **firmly grounded in empirical evidence** and analysis of best international national practices. (EU) It should take account of country experiences and place greater emphasis on regional and national case studies and country-specific policy reviews in the areas of investment, trade and commodities, and science and technology. **A clear distinction should be made in its publications between scientific analysis and UNCTAD's own conclusions. (EU)**

152. **Member States should be given an opportunity to review the main reports before these are officially published. UNCTAD's research and analysis should be aligned with substantive work in the expert groups with experts making suggestions to the secretariat, including through their programme of work, on the priority topics to be researched. (EU)** UNCTAD's research and analysis should [also integrate (EU)] [~~integrate~~ consider (G77)] inputs from **national and regional (G77)** think tanks and academia **and explore to the fullest the peer review by such entities. (EU)** It should promote ~~creative~~ (EU) partnerships with other United Nations entities and international organizations, enhancing synergies consistent with each organization's mandate. It should feature multi-stakeholder consultations involving civil society and the academic community.

152 alt. UNCTAD's research and analysis should **first reflect a consensus view of UNCTAD, and so should be the product of a clearance process within UNCTAD to ensure UNCTAD's research findings are understood and supported by all UNCTAD staff. UNCTAD's research should also, where appropriate, (US)** integrate inputs from think tanks and academia. It should promote ~~creative~~ **(US)** partnerships with other United Nations entities and international organizations, enhancing synergies consistent with each organization's mandate. It should, **where appropriate, (US)** feature multi-stakeholder consultations involving civil society and the academic community. **It should invite peer review by other United Nations entities and the Bretton Woods institutions, and differences between UNCTAD's policy advice and that of other United Nations entities and international organizations should be highlighted and explained to member States. (US)**

153. UNCTAD ~~must develop~~ **should have** a more effective ~~clear~~ publications policy ~~to~~. **It should also (G77)** strengthen its flagship research products and major study series, [~~while limiting the number of marginal publications that are of marginal interest to developing countries. (G77)~~] [~~while limiting reducing the number of marginal publications to specific outcomes of expert meetings by linking them. (EU)~~] It must also develop an effective dissemination and communication strategy that targets a wider audience, including high-level policymakers, **the media, (G77)** academic and research institutions and civil society entities in **developed and (G77)** developing countries. There should be greater use of electronic tools and the UNCTAD website, and an emphasis on producing timely translations **in all the official languages of the United Nations. (G77)** Publications should **also** be disseminated, **inter alia,** in partnership with national, ~~and~~ regional **and international** organizations. **(G77)**

153 alt. UNCTAD must develop a more effective publications policy to ~~strengthen its flagship research products and major study series while limiting the number of marginal publications.~~ **improve its publications by limiting the number of its publications and improving their quality and dissemination. [To that end, UNCTAD should continue to produce the following flagship publications ... and study series ...] All other publications should be eliminated. The Trade and Development Board should review this policy annually. (US)** It must also develop an effective dissemination and communication strategy that targets a wider audience, including high-level policymakers, academic and research institutions and civil society entities in developing countries. There should be greater use of electronic tools and the UNCTAD website, and an emphasis on producing timely translations. Publications should be disseminated in partnership with national and regional organizations. **Funding for producing**

a publication should not be made available without an approved distribution plan for that publication. Distribution plans should be disseminated electronically as they become available, along with a synopsis of the proposed publication so that member States can confirm their interest in the proposed publication and verify the dissemination plan for their country. Hard copies of distribution plans should also be distributed at each meeting of the Trade and Development Board. UNCTAD should further report the per-unit cost of the publication so that member States can better assess the relative value of the publication. (US)

[154. UNCTAD should increase its impact by developing ~~a capacity to respond rapidly~~ **an appropriate analytical response** to emerging **development (G77)** issues. It could then help member States to deal more effectively with challenges such as global economic imbalances, financial crises and the trade and developmental aspects of ~~post-conflict and (G77) post-disaster reconstruction and recovery. Moreover, UNCTAD could, upon request, make presentations to incoming governments on trade, investment and technology issues immediately after a change of government. (G77)] (*delete para. – Japan, EU, US*)~~

[155. Further strengthening UNCTAD's research and analysis will require more ~~effective use of resources~~ **and their more effective application. (G77)** This can be achieved by deepening the research commitment within each programme element, intensifying interdivisional collaboration **and coordination** ~~on cross-cutting issues, (G77)~~ making greater use of interdivisional task forces, intensifying research collaboration with other parts of the United Nations system and with research bodies throughout the world, and using increased ~~extrabudgetary~~ **regular** resources for research and analysis, ~~especially~~ **including (G77)** with regard to new and emerging issues, with the possibility of establishing a system of resident scholars.] (*delete para. – EU, US*)

B. Consensus-building

156. The consensus-building pillar of UNCTAD's work is of fundamental importance. **The intergovernmental machinery should identify action-oriented policies and normative options, and formulate them into negotiated practical conclusions at the national, regional and global levels. (G77)** It should help ~~equip developing countries with realistic~~ **developing countries better understand global conditions and global dynamics, and equip them with better (G77)** policy choices to enable them to maximize the opportunities and deal with the

risks of globalization and economic integration. It should make constructive suggestions on how the international community can achieve the orderly evolution of an enabling international economic and trading system. The intergovernmental character of UNCTAD must be preserved, and the coherence between the different levels of the intergovernmental process must be enhanced. **This is especially important as the international community prepares for 2015, and the global review of accomplishment of the internationally agreed development goals, including the Millennium Development Goals. (G77)**

156 alt. The consensus-building pillar of UNCTAD's work is of fundamental importance. It should help equip developing countries with realistic policy choices to enable them to maximize the opportunities and deal with the ~~risks~~ **challenges** of globalization and economic integration. It should make constructive suggestions on ~~how the international community can achieve the~~ **further** orderly evolution of an ~~enabling~~ **the**-international economic and trading system **with a view to strengthening the integration of developing countries. (EU)** The intergovernmental character of UNCTAD must be preserved, **on the basis of focused interactive discussions and a clear division of functions, as well as enhanced coherence between different levels of the intergovernmental process. (EU)**

156 alt bis. The consensus-building pillar of UNCTAD's work is of fundamental importance. It should help equip developing countries with realistic policy choices to enable them to **implement trade and development policies that will improve the welfare of their citizenry.** ~~maximize the opportunities and deal with the risks of globalization and economic integration. It should make constructive suggestions on how the international community can achieve the orderly evolution of an enabling international economic and trading system. The intergovernmental character of UNCTAD must be preserved, and the coherence between the different levels of the intergovernmental process must be enhanced. (US)~~

157. **Where desired by participants on a consensus basis, Outcomes (US)** of intergovernmental meetings should be more action-oriented and **should identify areas of further research and analysis, and (G77)** should include policy options at the national, regional and global levels, as well as ~~pragmatic~~ **specific (G77)** solutions to development problems **(including, inter alia, (G77)** inventories of best practices, checklists, indicative guidelines, sets of criteria/principles, and model frameworks) **which take into account the global realities. (G77)** ~~To provide clear messages to developing countries and the international community, policy recommendations should be concise and the appropriate follow up on~~

~~implementation should be ensured. (US) Prolonged discussion of draft outcomes should be avoided. (G77)~~

158. ~~There should be~~ **While preserving the intergovernmental nature of decision-making in UNCTAD**, greater participation of non-State actors, **civil society**, ~~including~~ the private sector **and other stakeholders should be encouraged (G77)** in UNCTAD's intergovernmental meetings, **in particular expert meetings, (EU)** in accordance with the established rules of procedure and as prescribed in the São Paulo Consensus.

1. Trade and Development Board

159. The Board's agenda should [~~be varied and topical, taking take (G77)]~~ [**be policy-oriented, taking (Japan)**] into account the core mandate of UNCTAD and the interests and concerns ~~of~~ **based on the different themes agreed to by (G77)** the entire membership.

159 alt. The Board's agenda should be varied and topical, taking into account the core mandate of UNCTAD and the interests and concerns of the entire membership. **The sessions should be planned so as to allow for a truly interactive debate, focused on UNCTAD's research and analysis findings, including in the high-level segment. (EU)**

159 alt bis. The Trade and Development Board should serve as a governing board for UNCTAD's work. It should oversee UNCTAD's technical assistance programmes and research agenda and ensure these are synergies between the two. It should serve as a forum to identify pilot countries to test policy recommendations and then as a forum to disseminate key findings and encourage expansion of successful programmes. The Board should take on the role of the commissions and ensure there is coherence and consistency in UNCTAD's policy recommendations within and across divisions. (US)

[160. The Board should make a **more focused** ~~greater~~ (EU) contribution to the work of the General Assembly **and the Economic and Social Council (G77)** in the main areas of UNCTAD's mandate.] (*delete para. – US*)

[161. In this connection, the invitations ~~of~~ **extended to (G77)** the President of the Trade and Development Board to participate in high-level meetings of the major international economic institutions **and other relevant organizations, (G77)** including those of the Bretton Woods

institutions and the World Trade Organization, is **could be (EU)** important.] (*delete para. – US*)

[162. An annual meeting of the global network of think tanks, **based on national and regional networks, (G77)** should be held in conjunction with the regular session of the Board in the form of a multi-stakeholder dialogue that does not replace the high-level segment. ~~There should be no duplication with existing international forums. (G77)]~~ (*delete para. – US*)

162 bis. A mid-term review should be conducted by the Trade and Development Board in 2010. (G77)

162 ter. Monthly consultations by the President of the Board and meetings of the Bureau of the Board should be regularly used as a means of informal follow-up to meetings and their conclusions, and for the secretariat to report to member States on management issues, the implementation of reform measures, cooperation initiatives with other organizations and UNCTAD's participation in the system-wide coherence process. (EU)

2. Commissions

[163. The existing Commission on Enterprise, Business Facilitation and Development will be replaced by a commission on globalization and systemic issues. ~~The cross-cutting issues of the work of~~ **addressed by (G77)** the Commission on Enterprise, Business Facilitation and Development will be distributed among the commissions. The three commissions, **which should meet between April and May, (G77)** will thus be as follows:] (*US: delete paras. 163–164 and replace with the following para.*)

163 alt. All Commissions should be eliminated and their coordination work done instead by the Trade and Development Board. (US)

163 alt bis. ~~The existing Commission on Enterprise, Business Facilitation and Development will be replaced by a commission on globalization and systemic issues. The UNCTAD commissions will be rationalized and consolidated into two main commissions, an investment commission and a trade commission. (EU)~~ The cross-cutting issues of the work of the Commission on Enterprise, Business Facilitation and Development will be distributed among ~~the~~ these commissions. ~~The three commissions will thus be as follows: (EU)~~

[(a) The Commission on Trade in Goods and Services, and Commodities, which will retain its existing mandate and also assume responsibility for transport and trade logistics issues: the Intergovernmental Group of Experts on Competition Law and Policy will report to it;] (*delete – US*)

(a alt) The Commission on Trade ~~in Goods and Services, and Commodities, which~~ will retain the ~~existing~~ mandate **of the Commission on Trade in Goods and Services, and Commodities, and will** also assume responsibility for transport and trade logistics issues; **(EU)**

[(b) The Commission on Investment, Technology and Related Financial Issues, which will retain its existing mandate and also assume responsibility for enterprise and ICT issues;] (*delete – US*)

(b alt) The Commission on Investment ~~Technology and Related Financial Issues, which~~ will retain the mandate **of the Commission on Investment, Technology and Related Financial Issues existing mandate** and **will** also assume responsibility for enterprise and ICT issues; **(EU)**

[(c) The Commission on Globalization and Systemic Issues, whose mandate will be as follows:] (*delete – US, EU*)

[(i) Provide a forum for consensus-building on economic policy measures at the national, regional and international levels that help to address the challenges of globalization;] (*delete – US, EU*)

[(ii) Examine systemic issues of particular importance to developing countries and measures to ensure full and effective participation of developing countries in global economic decision-making;] (*delete – US, EU*)

~~[(iii) Review UNCTAD's contribution to the implementation of the outcomes of the major United Nations conferences and summits (US, EU) and provide a forum for~~
developing ideas through ahead-of-the-curve analysis aimed at further improving the global development agenda, and its implementation, in the areas within UNCTAD's mandate; (G77)

[iv] Examine the impact of globalization on the implementation of internationally agreed development goals, including the Millennium Development Goals; and] (*delete – US, EU*)

~~—————(v)———— Identify emerging issues that have an impact on the development prospects of developing countries (US, EU), as well as issues and work of less importance, to create room for UNCTAD’s work on emerging issues. (Japan)~~

[164. The work of the commissions will be action-oriented: **and aimed at translating UNCTAD’s analytical work on the global economic situation into concrete, policy-level outcomes.** (G77) In deciding on the agenda items for their next session, the commissions will indicate the documentation to be provided by the secretariat and the expected outcome on each item.] (*delete para. – US*)

3. Expert meetings

165. The commissions will continue to convene expert meetings. They may convene single-session expert meetings, as in the past, but they may also choose to convene ~~standing expert groups which can meet for up to four years, though not beyond the quadrennial session of the Conference following their establishment~~ **multi-year expert meetings whose subjects will be decided by the Conference and the Mid-term Review.** (G77) As with expert meetings, ~~standing expert groups~~ **multi-year expert meetings** will comprise experts designated by member States but serving in their personal capacity. (G77) Both expert meetings and ~~standing expert groups~~ **multi-year expert meetings** will contribute to policy formulation by generating pragmatic and actionable outcomes. When deciding on topics for expert meetings ~~or standing expert groups~~, the commissions will indicate the expected outcome in each case. (G77)

165 alt. ~~The commissions will continue to convene~~ **States members of the Trade and Development Board should determine the themes of UNCTAD’s expert meetings.** (US) ~~They~~ **Member States** may **decide to** convene single-session expert meetings, as in the past, but they may also choose to convene ~~standing~~ **multi-year (US)** expert groups which can meet for up to four years, though not beyond the quadrennial session of the Conference following their establishment. As with expert meetings, ~~standing~~ **multi-year (US)** expert groups will comprise experts designated by member States but serving in their personal capacity. ~~Both expert~~

~~meetings and standing expert~~ **Multi-year expert** groups will contribute to policy formulation by generating pragmatic and actionable outcomes. ~~When deciding on topics for expert meetings or standing expert groups, the commissions will indicate the expected outcome in each case.~~ **develop their own work plans and inform the Board annually of those plans and the prior year's achievements. The Trade and Development Board should consider the establishment of or continued support for the following expert meetings:**

- (a) **Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) – multi-year;**
- (b) **Intergovernmental Group of Experts on Competition Law and Policy – multi-year;**
- (c) **Trade-related research and technical assistance – multi-year;**
- (d) **Investments and entrepreneurship – multi-year;**
- (e) **Debt management and DMFAS – multi-year;**
- (f) **International investment agreements – multi-year.**

Member States may propose new expert groups or proposals for new groups may evolve out of research. Establishment of any expert group must be agreed by consensus of the Trade and Development Board. (US)

165 alt bis. The expert level should be strengthened so that experts gain greater influence on UNCTAD's programme of work in all three pillars. To this end, the Trade and Development Board/commissions should in most cases convene standing expert groups rather than single-session expert meetings on key priority topics within UNCTAD's mandate. These standing expert groups can meet for up to three years, though not beyond the quadrennial session of the Conference following their establishment. Each expert group must propose a work programme, including expected pragmatic and actionable outcomes, to be approved by the Trade and Development Board/commissions. Experts within each group should interact closely with the secretariat to facilitate the alignment of its research and analysis with the work

programme and to make suggestions on relevant technical cooperation activities. There should be no increase in the total number of expert meetings per year and individual sessions should not last more than three days. (EU)

165 bis. The dynamics, the format and functioning of expert meetings should be improved. Furthermore, the sessions of expert meetings should take place from November to March. (G77)

~~166. — The Commission on Investment, Technology and Related Financial Issues should consider the possibility of convening a standing expert group on international investment agreements. (G77, EU, US)~~

[167. Funding for the participation of experts from developing countries and countries with economies in transition must be sustainable and predictable. This will be particularly important in the case of ~~standing expert groups~~ **multi-year expert meetings, (G77)** since the continuity of the work will depend on continuity of funding. Funding will come from the trust fund that exists for this purpose, and the Secretary-General of UNCTAD is requested to make a renewed, sustained effort to attract contributions to the fund on a priority basis.] (*delete para. – US*)

C. Technical cooperation

168. UNCTAD's technical cooperation should be planned and implemented in a geographically balanced manner, **with particular emphasis on assisting LDCs and African countries, (US)** delivering tangible results ~~and global public goods (EU, US)~~ at the interregional, regional and national levels to the benefit of all developing countries. Regional **partnerships' (G77)** delivery of technical assistance activities should be maximized in order to benefit from pooled resources. Local and regional expertise and material resources should be used to the maximum to enhance the institutional capacity of recipient countries and the sustainability of benefits.

169. Efforts should be pursued to improve the management, evaluation and reporting of all technical assistance activities. Monitoring of technical cooperation and fund-raising should also be further improved. ~~The decision taken by the Trade and Development Board at its fifty-fourth session on the establishment of thematic trust funds and multi-year contributions should be implemented to ensure greater predictability, more transparency and more coherence. (EU, US)~~

The potential benefits of joint fund-raising by UNCTAD staff and representatives of assistance-requesting countries should be explored. There should be more cross-divisional cooperation in order to reflect the systemic perspective in the design and implementation of technical assistance activities.

170. UNCTAD technical assistance activities need to be demand-driven and embrace country ownership, ~~in accordance with the principles of the partnership commitments of the Paris Declaration on Aid Effectiveness. UNCTAD's trade related activities should support the principles laid down in the Integrated Framework for Trade-related Assistance to Least Developed Countries, including country ownership and donor coordination. UNCTAD should continue to follow the further evolution of the Enhanced Integrated Framework and similar schemes for needs assessment and donor coordination.~~ (G77)

170 bis. UNCTAD's technical cooperation is one of the main pillars of UNCTAD and its effectiveness and relevance depend on its integration with the other two pillars. In this regard, UNCTAD's technical activities should be directed towards all developing countries at their different levels of development, particularly towards LDCs, which are the countries with the greatest needs. UNCTAD's technical cooperation should also address the specific needs of small island developing states, landlocked and transit developing countries, and structurally-weak and vulnerable economies. (G77)

[171. One of the key aims of the current United Nations reform proposal is to improve the ways in which United Nations agencies operate at the national level. UNCTAD should reinforce its operational links with other United Nations organizations, particularly those operating at country level. The Conference welcomes the creation by the United Nations System Chief Executive Board for Coordination of the inter-agency thematic cluster on trade and productive sectors, the purpose of which is to allow organizations to increase their impact at the country level within the "Delivering as One" process. ~~UNCTAD should also work closely with the relevant donor agencies to streamline the identification of needs and the approach to addressing them.~~ (US)] *(bracket para. – G77)*

171 bis. UNCTAD should contribute substantially to the implementation of the 2005 World Summit outcome on full and productive employment and decent work of all, and its elaboration in the ministerial declaration of the high-level segment of the United Nations Economic and Social Council's substantive session of 2006. Therefore there is a

need for all relevant agencies to collaborate in the promotion and use of the toolkit to promote decent work, developed by the International Labour Organization and approved in Geneva in 2007. (G77)

171 ter. In recognition of this, UNCTAD should collaborate more strongly with the International Labour Organization, in support of a fair globalization, through greater coherence on the impact of policies on employment and decent work, and macroeconomic policies that should support employment creation. (G77)

172. The Aid for Trade agenda includes technical assistance to build capacity to formulate locally owned trade policies, participate in trade negotiations, implement trade agreements, build supply-side capacities and offset adjustment costs. UNCTAD can provide technical cooperation at each stage of the trading process, from investment, enterprise development and financing, through customs operation and transport, to market access and market entry. ~~Due attention should be paid to channelling Aid for Trade multilaterally.~~ (EU) UNCTAD, working in cooperation with other organizations, notably the members of the trade and productive sectors cluster, should play a ~~leading~~ (EU) role in this respect.

173. UNCTAD must greatly improve its technical cooperation outreach. Its technical cooperation capacity must be brought to the attention of potential recipients much more effectively, and its funding needs must be brought to the attention of potential donors in a much more coherent way. Developing countries should make their needs known to the secretariat, and donors are ~~urged~~ **encouraged (Japan)** to substantially increase their contributions to UNCTAD technical assistance funds. **The process should be facilitated by the establishment of appropriate multi-year expert groups on technical assistance. (US)**

173 alt. UNCTAD needs to greatly improve its technical cooperation activities, by bringing its cooperation capacities and programmes to the attention of potential recipients more effectively, with special attention to the LDCs. In doing so, it should also assess funding needs and bring them to the attention of potential donors and work with them towards predictable financing based on the needs, concerns and priorities of developing countries. (EU)
