

**Statement by Ambassador Munir Akram, Permanent Representative of  
Pakistan to the United Nations on Agenda Item No: 51 (a): International  
Trade and Development (October 17, 2006)**

**Madam Chairperson,**

We thank the Secretary General for his comprehensive report on international trade and development.

2. It is a pleasure to welcome H.E. Mr. Mohamed Saleck Ould Muhamed Lemin, President of Trade and Development Board and the Secretary-General of the UN Conference on Trade and Development, Mr. Supachai Panitchpakdi, and express our appreciation for his statement and UNCTAD's important contributions to Trade and Development.

3. My delegation associates itself with the statement made by the distinguished representative of South Africa on behalf of the Group of 77 and China.

4. I would like to commend and endorse the main conclusions in the Secretary-General's report in document A/61/272. Trade is a powerful engine of growth and development; it provides an increasing source of income for many countries, including developing countries. It is vital to create an open and equitable multilateral trading system.

5. The endeavour to achieve this objective has been long and difficult. The international trade regime has always been weighted against the developing countries. There is no mechanism for commodity price

stabilization. Textiles and Agriculture were excluded for over 40 years from liberalization. Liberalization, till now, has taken place in areas where the rich are strong, not those where the poor can compete. Developing country products face discriminatory high and escalating tariff barriers. Trade liberalization has often removed the policy space required by developing countries to industrialize and build the capacity for production and trade. New regimes, such as those relating to intellectual property, have compounded these constraints.

**Madam Chairperson,**

6. It is, therefore, heartening that despite the tilted playing field, so many developing countries have succeeded in utilizing trade to propel growth and development. Yet, empirical evidence would show that such success has been achieved mainly by those who were able to first build the national capacity for production and achieve competitiveness, often utilizing the protection of tariffs and other policy measures in the early stages of development. Such policy space must continue to be available to the developing countries even if selectively, to enable them to acquire such capacity for production and trade.

7. The suspension of the Doha Round negotiations is bad news for both the developed and the developing countries. The objectives of significant liberalization of agriculture; reduction of high and discriminatory industrial tariffs; equitable liberalization of services, especially labour; are equally important for all countries. Yet, the onus for striking the so-called ‘grand bargain’ should not be placed on the developing countries. The main

responsibility rests with the “key players”. The development goals of the Doha Round should not be sacrificed for the sake of realizing an early but empty conclusion. The result must achieve tangible and significant trade benefits for the developing countries.

8. Significant and equitable liberalization in agriculture is the key to the successful conclusion of the Doha Round. Agriculture accounts for less than 20% of the GDP of developed countries, while 50% or more for most developing countries.

9. Renewed negotiations should build on the progress made in Hong Kong. On Export Competition, the commitment to eliminate all forms of export subsidies by 2013, though significant, is not sufficient. We need to achieve parallelism through elimination of programmes for export credits, export credit guarantees, insurance programmes beyond 180 days. This should be done while ensuring front loading of commitments by achieving 50% elimination in the first year of the implementation period.

10. On Domestic support, there is need for overall substantial reduction of total AMS, capping of product specific support, further reduction in the minimus support for developed countries and ensuring that the blue box criteria is less trade distorting. Moreover, the green box criteria should be periodically reviewed and clarified.

11. On Market Access, substantial overall reduction in tariffs, deeper cuts in higher tariffs, and addressing tariff escalations, is urgently needed. Tariff capping at 100% for developed countries and 150% for developing

countries should be considered. Equally important is the ‘Special Products’ and ‘Special Safeguard Mechanism’ for developing countries to allow them to retain the much needed flexibilities.

12. The objectives in the non-agricultural market access negotiations should be: one, greater market access on a non-discriminatory basis. This will require the elimination of discriminatory tariff peaks and escalation against the developing countries. Two, phased integration of developing countries especially low-income countries into the multi-lateral trading system.

**Madam Chair,**

13. Pakistan supports a “simple Swiss formula” with 2 coefficients. The two coefficients, in our view, should be based on objective criteria taking account of current tariff profiles. Coefficient 6 for developed countries and 30 for developing countries, we believe, would be the appropriate yardstick and should lead, inter alia, to the early elimination of tariff peaks and tariff escalations against the exports of developing countries. They could also continue.

14. Similarly, developing countries should be allowed flexibilities to enable them to either keep their sensitive sectors unbound or out of the ambit of formula cuts. Happily, this has already been agreed in principle. The process to negotiate the extent and scale of these flexibilities needs to be initiated and completed at the earliest.

15. In case of Services, we hope that the plurilateral approach adopted to inject progress and dynamism in this sector will produce the desired results, particularly commitments to liberalize labour services (Mode IV). The enormous social and political issues require trade in liberalizing the movement of labour need to be openly and honestly addressed in the relevant forums. The international trade regime will remain tilted and trade distortive so long as capital and goods can move freely but labour movement is constrained by national barriers.

16. There has been encouraging progress on trade facilitation. However, the negotiations will also need to address the new difficulties that have arisen due to security concerns. Developing countries should be assisted technically, and financially to address their concerns. Moreover, security concerns should not be applied in a discriminatory manner to penalize or prefer certain countries.

17. Market access and trade liberalization often continues to be negated by non-tariff barriers, market access barriers and residual bias in tariff structures. The exports of low-income countries are specially constrained by several arbitrary and abusive non-tariff measures, including sanitary and phytosanitary and anti-dumping actions. It is essential to address each of these issues boldly and sincerely since they reduce the credibility of multilateral trade rules and the incentives for countries to enter into reciprocal trade liberation agreements.

**Madam Chairperson,**

18. Pakistan sympathizes with the objective of Special and Differential treatment for the developing countries, especially the low-income and least developed countries. In our view, trade preferences should be designed to address and overcome poverty and underdevelopment wherever it exists. The geography of poverty does not always fully coincide with the map of categorization of developing countries. The objective of all Special and Differential treatment should be to ensure that weaker and non-competitive countries are not negatively affected by trade liberalization, especially in their effort to industrialize and build the capacity for production, especially raw material processing, and enlarged exports.

19. In the Doha talks, and elsewhere, there has been a welcome focus on enabling the weaker economies to build the human, physical and institutional capacity for production and trade. We hope the implementation of the recommendations of the Aid for Trade Task Force will generate the requisite additional resources to realize the long-awaited actions to assist in such capacity building. However, the Aid for Trade Initiative can bring meaningful benefits to the weaker economies if it is implemented in conjunction with greater market access for the exports of developing countries. Moreover, capacity building will need to be promoted more comprehensively, as an objective of socio-economic development, not merely of enlarged exports and trade. To this end, we believe that the UNDP and the Bretton Woods institutions should create a special funding window designed to assist the low-income countries build the capacity for enlarged production and trade.

20. Experience indicates that sustained economic growth and trade can be promoted significantly by regional economic integration. This is one of Pakistan's strategic objectives. Indeed, given its unique location, Pakistan can serve as the hub for the economic integration of South Asia, West Asia, Central Asia and China. We acknowledge the utility, in this context, of regional and free trade arrangements. However, even as we pursue these in the absence of significant progress in the multilateral trade negotiations, we recognize that the proliferation of RTAs and FTAs possessed the danger of distorting international trade and creating a spaghetti bowl of trade rules that will be discriminatory and difficult to administer and implement. Therefore, we welcome the progress made in WTO for greater transparency of Regional Trade Agreements.

**Madam Chairperson,**

21. Conscious steps are also required to establish a closer linkage between international trade and the achievement of the MDGs and other internationally agreed development goals. We trust that the UN and UNCTAD will help to develop more specific indicators and benchmarks to monitor progress in the contribution of trade to the achievement of the MDGs and IADGs. Such monitoring should record both positive results and negative impacts of trade regimes and liberalization.

22. In this context, it will be vital to monitor the impact of tariffs regimes, commodity prices and availability, special and differential treatment, non-tariff barriers and the impact of the TRIMs and TRIPs

requires, including on the transfer and application of technologies required for development and industrialization.

23. The TRIMs regime must be kept under review to ensure that it contributes to and does not erode the industrialization objectives of the lower income and emerging economies.

24. A more comprehensive development review is required of the TRIPs regime. This should be conducted by the WTO, WIPO and UNCTAD and should lead to appreciate modifications in the regime to ensure that it helps and does not hinder development.

**Madam Chairperson,**

25. The Conference on Trade and Development – UNCTAD – has made invaluable contributions to identifying and advancing the goals of development through trade. UNCTAD must continue its tradition of producing high quality analysis, forecasts and recommendations to advancing the goals of fair and open trade designed to promote development. It requires the most qualified personnel to discharge this often challenging, and challenged, function.

26. There are several other functions which UNCTAD is well placed to perform. These are:

**One**, an active role in monitoring the contributions of trade to the realization of the MDGs and IADGs;

**Two**, offering analysis and proposals to ensure the advancement of development objectives in trade negotiations in the WTO or elsewhere e.g. in the TRIPs review;

**Three**, identifying new challenges and opportunities in international production and trade e.g. in the fields of energy, raw materials, communications and information;

**Four**, ensuring agreed measures with private and public sector actors for the stabilization of commodity prices;

**Five**, promoting foreign direct investment in developing countries, *inter alia*, through the development of market and state mechanisms to provide incentives for investment in low-income and “high risk” economies.

**Six**, active participation, including through the provision of technical advice and assistance, in capacity-building for production and trade in the lower income countries.

27. The Pakistan delegation hopes that these and other functions performed by UNCTAD will be supported through adequate allocations in the UN Budget and generous support through voluntary contributions by both the developed countries and those developing countries which are, increasingly, in a position to advance the critical role of UNCTAD on behalf of trade and development.

**I thank you**