



**STATEMENT BY MR. NIRUPAM SEN, PERMANENT REPRESENTATIVE, ON  
AGENDA ITEM 50: MACROECONOMIC POLICY QUESTION: [A]  
INTERNATIONAL TRADE AND DEVELOPMENT AT THE SECOND  
COMMITTEE OF THE 61<sup>ST</sup> SESSION OF THE UNITED NATIONS GENERAL  
ASSEMBLY ON OCTOBER 17, 2006**

Madam Chairperson,

We would like to thank the Secretary-General and the UNCTAD for the detailed reports submitted under the agenda item on "International trade and development". We associate ourselves with the statement made by the distinguished representative of South Africa on behalf of the Group of 77.

Madam Chairperson,

The negotiations launched at Doha, and its elaboration through the July framework and the Hong Kong Ministerial Declaration, are intended to secure a pro-development outcome for developing countries and at the same time to render the international trading system more open, based expressly on fair and equitable rules and disciplines. It is no accident, but by agreed intent, that we have called it the "Doha Development Agenda" and not a market access round.

The imbalances in the international trading system remain entrenched. The Uruguay Round has not unshackled the chains that tie down the family farms, the small and marginal producers of industrial goods and the professionals and services providers in developing countries. The international trading system is full of inequities - no real reductions in agricultural subsidies by the developed countries have resulted, while "real" market access in products of export interest to developing countries remains impeded by tariff peaks, escalations, specific duties, and non-tariff barriers; discouraging industrialisation in the developing countries. Besides, it is estimated that non-tariff barriers cost the developing countries over US \$100 billion, almost twice the current level of Official Development Assistance

The WTO is not about free trade alone. The Secretary-General has rightly observed that 'the suspension of Doha Round has caused significant uncertainty on the negotiations and may have major implications for the international trading system', and by implications on the prospects for economic growth and development of the developing countries. The Secretary-General has also reminded us of the need for an appropriate balance between national policy space and international disciplines and commitments. For defending livelihoods, sovereignty of the state is important and disciplines that erode the autonomy of policy space need to be reformed.

The impasse in WTO trade negotiations is disappointing. The report of the Secretary-General has stressed the need for early resumption of the suspended talk so that the compact in the Doha Ministerial Declaration to place needs and interests of developing countries at the heart of Doha Round can be carried to a positive, development-oriented outcome. Early resumption is desirable but adherence to the existing mandate – that of the Doha Ministerial Declaration, the July Framework Agreement and the Hong Kong Ministerial Declaration - is imperative.

Madam Chairperson,

Agriculture is not only about trade; it has vital development ramifications. The developing countries represent over 90% of world farmers; the developed countries have more than 50% of the World's agricultural trade but only 2% of the farmers - the reason is their huge agricultural subsidies that enable the State at the expense of the resource-poor and subsistence farmers of developing countries. Food security and rural livelihood are of immense economic relevance and have a socio-political dimension in many developing countries. When agriculture was brought into the multilateral trade negotiations, then developing countries had been given a clear understanding that trade distorting agriculture subsidies would be phased out in a definite timeframe. The anticipated gains from agricultural reform by developed countries have till now eluded the developing countries. Moreover, the current impasse, which is also characterized by demands for reduction of *de minimis* payments and linking the issue to market access under NAMA, amounts to "canceling the spirit of Punta del Este". Minimizing the vulnerabilities of the poor farmers must be our collective priority. Demanding market access from developing countries, which displace low-income and subsistence farmers to satisfy commercial interests, cannot be supported. Proportionately lower overall tariff reduction commitments and operable and effective development instruments of Special Products and Special Safeguard Mechanism are the essential components of securing food security, livelihood security and rural development needs of developing countries. The overarching principle of special and differential treatment, therefore, remains a categorical imperative, and is the underlying basis of the position of developing countries.

In the context of non-agricultural sector, some striking statistics have been provided in the report of the Secretary-General. It has quoted UNCTAD estimates, which suggest that global welfare gains from non-agriculture market access liberalization could be of the order of US \$20 billion to US \$60 billion annually and that developing countries could potentially enjoy about two thirds of these gains. The report is, however, cautious and has stressed the importance of flexibilities for developing countries to enable them to protect industries they consider important. The liberalisation of trade in non-agricultural products could lead to shifts in output and employment in key sectors in developing countries, resulting in job and revenue loss for many of them. It is, therefore, particularly important for developing countries to protect sensitive tariff lines in the small scale and employment intensive sectors of the economy and to preserve the autonomous liberalization programme. Hence, the inviolability of the mandate of flexibilities for developing countries contained in paragraph 8 of the July Framework Agreement.

The report of the Secretary-General has highlighted that welfare gains from liberalizing the temporary movement of natural persons are in the range of US\$ 150 billion to US \$250 billion. Effective and commercially meaningful access in Mode 4 for developing countries' services suppliers is the area where the largest gain is expected and would contribute to the achievement of MDGs. It could be a win-win situation; restricting the movement of professionals across the world is unnatural and, ultimately, to the detriment of developed countries themselves.

Greater emphasis needs to be placed on key development issues. One such important development issue relates to the TRIPS Agreement. Developing countries are a recognized repository of the traditional knowledge of their indigenous communities that has been used for ages, inter alia, to provide a cost-effective cure for a number of ailments. In the recent past, attempts have been made to misappropriate this knowledge for commercial gain, denying in the process the value that justly should be reaped by these communities. Developing countries have therefore sought amendments in the TRIPS Agreement to prevent piracy of biological material and misappropriation of traditional knowledge. Disciplines on disclosure of the source and country of origin of the biological resources and traditional knowledge along with securing prior informal consent and equitable benefit sharing should be agreed to. Respect for the intellectual property rights of individuals should be complemented by respect of intellectual property rights of communities.

On the issue of preference erosion, India believes that the main responsibility lies with the developed economies through implementation of their commitment to lower preferential rates to zero and, more importantly, through

enhancing the utilization of GSP schemes by rationalizing the rules of origin. Notwithstanding the constraints of being a developing country, India would soon be finalising a bilateral package of preferential market access for LDCs into the Indian market. We welcome the 'Aid for Trade' initiative as a means of enhancing the capacity of developing countries to realise the gains of trade. While helping countries to build supply side capacities and trade related infrastructure particularly, in least developed countries, we need to remind ourselves that 'Aid for Trade' cannot be a substitute for the expected development benefits from a successful conclusion of the Doha Round. We also agree with the Secretary-General that such aid must be additional to current development assistance and be secure, predictable and non-debt creating.

Madam Chairperson,

We are meeting at a time when the actions of the global development community are being closely scrutinised against the promises that we have collectively made and repeated often. The scale of the development challenge facing us is daunting and the United Nations needs, more than ever before, to focus on where it can actually make a difference. The United Nations has a central role in the promotion of development. A clear political direction to break the current impasse is necessary. Developed countries must be encouraged to remove the barriers that they have erected, which result in lost development opportunities for many developing countries. India is actively and constructively participating in negotiations on the Doha Work Programme in the expectation that they will fully address the concerns of developing countries.

Thank you, Madam Chairperson,

**BACK TO TABLE OF CONTENTS**