

The importance of UNCTAD

By **DR SUPACHAI PANITCHPAKDI**

SECRETARY GENERAL, UNCTAD



SUPACHAI PANITCHPAKDI began his four-year term as Secretary-General of UNCTAD in September 2005. He previously served as Director-General of the WTO. Dr Supachai began his professional career at the Bank of Thailand in 1974. He was elected a member of the Thai Parliament and was appointed Deputy Minister of Finance in 1986. In 1992, he became Deputy Prime Minister entrusted with oversight of the country's economic and trade policy making and represented Thailand at the signing ceremony in Marrakech of the Uruguay Round Agreement in 1994.

The importance of UNCTAD's quadrennial conference goes far beyond reaching an agreement on the secretariat's work programme for the next four years. As a United Nations Ministerial Conference on trade and development, it also provides an excellent opportunity to address recent developments in the world economy, the key trade and development-related challenges facing developing countries, and the appropriate policy responses.

UNCTAD XII comes at a time when the world is in a period of uncertainty, with credible fears of recession. The sub-prime mortgage crisis in the US has affected the availability of credit elsewhere, and rising energy and food prices are beginning to result in inflationary tendencies. All of this is cause for concern, as is the related risk of a protectionist backlash against key exports and investments from developing countries. But this is only one of the challenges. The global expansion of the past six years has fundamentally altered the structure of the world economy. The rise of some developing countries as key drivers of international trade and investment flows is indeed a manifestation of this new global reality. We must now adapt our thinking on development strategies and identify the policies and measures needed to allow developing countries to benefit more from this changed environment. Greater South-South cooperation must clearly be one of these measures, and UNCTAD will use its vast experience in this field to help developing countries increase their gains from such cooperation. As the last Trade and Development Report indicated, there is significant scope for expanding South-South cooperation beyond just the trade area. The Accra Conference will help us address how the dividend generated by the recent global growth – and by what I have called the “second generation” of globalisation – can be translated into meaningful benefits for the poor in the developing world.

UNCTAD XII is also taking place just after the midpoint towards the MDGs. As reflected in the UN's midpoint assessment of progress on the goals, that progress has been considerable, thanks largely to the recent global expansion. Indeed, the number of people in developing countries living on less than a dollar a day fell to 980 million in 2004 from 1.25 billion in 1990. The proportion of people in extreme poverty

fell from nearly a third to 19 per cent. If current trends continue, most regions will achieve the goal of halving the proportion of people living in extreme poverty by 2015. Nevertheless, this is not true for all regions. In particular, no single country in sub-Saharan Africa is on track to achieve all the goals. The challenge thus remains to ensure that all countries can benefit from globalisation, and that they can transform these benefits into progress on poverty reduction.

Because it is taking place in Africa, UNCTAD XII can also send an important signal about the world's commitment to its poorest continent. Indeed, to use Mr Ban Ki-moon's words, Africa is the “epicentre of a development emergency”. Despite the global expansion, the entire sub-Saharan African region continues to account for a mere 2 per cent of world trade, and only about 0.8 per cent of global FDI flows. The total number of the poor in this region is also only just beginning to level off. Tackling all these challenges will require a range of measures – measures that UNCTAD has been exploring through its flagship report on Africa and through intergovernmental discussions. Our work on building crucial productive capacities, for example, is of key importance. It is to be hoped that the aid-for-trade initiative will make a contribution to achieving this goal.

Our work on commodities is also of primary relevance here. While the commodity price boom has helped many commodity-exporting countries in Africa, there is now a need to ensure that they use their windfall gains to diversify away from commodity production so as to create a more sustainable basis for growth. Similarly, net-importing countries need to be helped to find ways of coping with higher import prices for both energy and food. By some estimates, in fact, the higher costs of oil could offset any benefits that African developing countries are reaping from debt-relief initiatives. In addition, we must continue to seek ways of promoting greater flows of FDI into Africa and other marginalised regions.

Last but not least, we are all aware of the prolonged uncertainty surrounding the Doha Round. A lot more needs to be achieved if the Round is to justifiably claim its development name. Again, I hope that UNCTAD XII will provide a major impetus to the negotiations.

In all of these areas, UNCTAD can play a significant role in the cause of development. It can help find

