Second Committee

Item 17 (a) and (d) – Macroeconomic Policy

Statement by
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Deputy Permanent Representative

24 October 2012
(Please check against delivery)
Mr. Chairman,

Let me at first thank the Secretary-General and the Secretariat for the reports to be considered under this agenda item.

My delegation fully aligns itself with the statement made by the representative of Fiji, on behalf of the G77 and China as well as the representative of Cuba, on behalf of the Community of Latin American and Caribbean States, and would like to make the following additional remarks in its national capacity.

Mr. Chairman,

The decade-long economic and social progress witnessed in developing countries confirms the historical validity of the role of public policies in economic development.

As recognized by the Secretary-General in his report, the developmental benefits of global value chains do not automatically flow from non-reciprocal market opening measures in less developed countries. Public policies aimed at innovation and technology as well as building productive capacity in sectors that deliver greater value added and employment are not only legitimate but should be actively supported due to their enduring and effective results.

Mr. Chairman,

Trade is not an end in itself. It has to work as a means to fostering sustainable development. The global economic crisis has significantly affected international trade and, thereby, development opportunities.

Weak and uneven recovery in developed country markets, among other factors, have translated into a reduction in the rate of annual growth of international trade flows to levels below global GDP growth. This situation has been aggravated by an increase in protectionist measures, mostly on the part of developed countries, including through expansionary monetary policies. According to Global Trade Alert monitoring reports, developed countries have consistently ranked at the top of the list of jurisdictions having adopted the largest number of protectionist measures over the last few years.

And it must be said that particular report does not measure the protectionist or trade-promotion effects of monetary easing. Among its intended or unintended consequences, these monetary measures can lead to competitive exchange rate devaluations that nullify the relative effects of painstakingly negotiated tariffs, becoming of itself a trade barrier unregulated by the multilateral trading system.

In this context, many developing countries have been left with no other alternative than resorting to their right to fully utilize policy space consistent with their WTO commitments and obligations.

Mr. Chairman,
We need to step up our efforts to fight protectionism in all its forms, not only those measures that are regulated by the WTO Agreements. In fact, in many cases, it is those measures that are not covered by the WTO, such as agricultural export subsidies and other forms of trade distorting support, that have the most detrimental effect to the participation of developing countries in international trade flows.

And we should not forget the persistence of other longstanding schemes still being deployed in developed countries which often hurt developing country exports the most, such as tariff peaks and tariff escalation, import quotas and technical barriers, including, in the case of agriculture, sanitary and phytosanitary measures which lack, in many cases, solid scientific grounds.

We know that the WTO has been at a critical juncture for some time now, and that the prospects for concluding the Doha Round on the basis of a development-centered outcome is still not in sight.

At the WTO Ministerial Conference in Bali, next December, we have an invaluable opportunity to infuse the Organization with renewed vigor and move towards an ambitious, equitable and balanced conclusion of the Doha Round, thus providing a much-needed impetus to the world economy as a whole. To achieve that objective, we need to ensure concrete results in the areas of agricultural export subsidies and to fully live up to the principle of Special and Differential Treatment for Developing Countries.

Mr. Chairman,

The global economy continues to face downward pressures with serious consequences to sovereign debt sustainability, affecting a significant number of developing countries from all regions and in particular the Least Developed Countries. In our view, the Heavily Indebted Poor Countries (HIPC) are those who deserve more attention.

We fully share the views expressed in the Secretary General's report on the importance of monitoring the imposition of unilateral economic measures as a means of political and economic coercion against developing countries and we thank his report on this urgent issue.

According to the UN Charter, coercive measures foreseen under Chapter VII must be adopted by the Security Council, on an exceptional basis, only as a last resort. The trade policy autonomy of Member States should not be subjected to any limitations and undue economic and financial pressures through sanctions which will ultimately affect the development potential of these nations and the well being of their populations.

Thank you.