

**GLOBAL SYSTEM OF TRADE
PREFERENCES AMONG DEVELOPING
COUNTRIES (GSTP)**

GSTP/CP/SSG/3
6 May 2008

Original: English

The Committee of Participants
Special Session at Ministerial Level
Accra, Ghana, 22 April 2008

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Mr. President,
Excellencies,
Distinguished Delegates,
Ladies and Gentlemen,

I am honored to address this special session of the GSTP Committee of Participants at Ministerial level here in Accra, Ghana. I am delighted to see that so many Ministers of participating states have convened here in order to establish a firm basis for concluding the Third Round by the end of 2008. Your presence at this meeting clearly illustrates the commitment you undertook in Sao Paulo, Brazil in 2004 to be closely and personally involved in the affairs of the GSTP.

Ladies and Gentlemen,

The GSTP is an initiative that is very close to my heart. The reason for this is that it is a key instrument of South-South Cooperation, and can thus play a key role in harnessing the emergence of the South for development. This emergence of the South has become the defining feature of what I have called 'the second generation of globalization'. South-South trade has grown at an annual growth rate of about 14.5%, far exceeding that of world trade as a whole. Coupled with substantial increases in South-South investment flows in the past decade, I see this emergence of the 'Global South' as generating new opportunities for greater development cooperation across a broad front. Such cooperation can start with regional cooperation and integration through trade liberalization, and with the Global System of Trade Preferences among Developing Countries. Indeed, the increase in trade and investment flows multiplies the gains to be had from South-South Cooperation.

The trends we observe in trade among GSTP participants reinforces this message. Total world exports from all GSTP countries in 2005 was US\$ 1.8 trillion, accounting for 17.5 percent of total world exports, or 48.7 percent of total exports from all developing countries. Intra-GSTP exports reached US\$ 405.4 billion, constituting more than one-fifth of their total world exports. Between 2000 and 2005, intra-GSTP trade grew by as much as 50 percent and to a greater degree than their trade with the rest of world. To me, these figures illustrate the following:

- (1) GSTP countries have sufficient weight to successfully drive an initiative such as the Third Round of negotiations;
- (2) There is more than adequate scope for further expansion of intra-GSTP trade as a tool for export market diversification and expansion;
- (3) The expanding economic complementarities among GSTP countries deserve to be nurtured, reinforced and made more durable.

Ladies and Gentlemen,

If these sound arguments for a rapid conclusion of the Third Round of the GSTP were not enough, recent developments in the world economy provide for an additional important reason.

The recent credit crunch brought about by the sub-prime mortgage crisis in the United States has increased the risk of an economic slowdown in the major industrialized countries, the principal export markets of developing countries. I believe that improvements in the depth and breadth of GSTP commitments through the Sao Paulo Round would enhance the resilience of the economies of GSTP countries to withstand such an anticipated downturn of the major economies. I believe that diversification in export market destinations would help insulate GSTP countries in times of inhospitable global economic developments.

Mr. President, Excellencies, Ladies and Gentlemen,

With these observations, I would like to reiterate my conviction that the GSTP holds the potential to build enduring trade-bridges across the regions of Africa, Asia and Latin America and the Caribbean. Your meeting today comes at a critical juncture. For some time now, your delegations in Geneva have exhaustively explored options on the mechanics for exchanging concessions. I understand that the contours of a simple and pragmatic 'construct' have emerged in their deliberations early this year. This construct would substantially expand the quantum of commitments under the GSTP, while sensibly taking into account some domestic market challenges.

In Sao Paulo, Brazil, Ministers signaled their intention to make the Third Round different from previous rounds of negotiations. Your delegations have labored hard to define the parameters of negotiations that depart from traditional techniques in order to widen and deepen the commitments, and generate mutually credible market access opportunities for all. Now the time has come to take decisions that would carry the negotiations forward to its logical conclusion by the end of 2008.

Mr. President, Excellencies, Ladies and Gentlemen,

I am confident that the cause of the least developed countries will occupy a prominent place in your deliberations. Special treatment is a major component of the GSTP. Your delegations in Geneva have deliberated on special treatment measures to meet the needs of the LDCs. Apart from measures in the trade area, the GSTP Agreement covers enabling clauses on a range of developmental measures in their favor. I am pleased to note your determination, individually and collectively, to address the special needs of the LDCs. I particularly welcome the initiatives of Brazil and India to provide Duty and Quota-free trade preferences to LDCs, and I look forward with much anticipation to other announcements of specific measures for the LDCs.

While on the subject of special treatment for the LDCs under the framework of the GSTP, I note that several LDCs have applied for accession to the Agreement. I am certain that their applications would be dealt with expeditiously in the course of this year.

Another dimension of the GSTP that deserves special mention concerns cooperation in areas other than tariffs or non-tariff measures. As you know, the Agreement can provide for arrangements on direct trade measures and sectoral agreements as well. In the context of concerns on food shortages across several developing countries, I believe that the GSTP can play a contributory role in addressing or mitigating difficulties arising from scarcities being experienced by several developing countries. To me, the GSTP contains a menu of cooperative measures that the secretariat would be prepared to support in concert with member-States in the aftermath of the Third Round of negotiations.

Mr. President, Excellencies, Ladies and Gentlemen,

Your meeting today calls on you to provide the necessary guidance for concluding the negotiations this year. Your presence in Ghana gives cause for optimism that we will be able to strengthen South-South Cooperation, and to revitalize the GSTP as an additional tool for generating economic and trade opportunities for your exporters, importers, manufacturers and farmers.

Your sense of purpose augurs well for the rest of the trading community. Sustained growth in your economies would engender more opportunities for creating new markets and generating demand for imports from the rest of the world. The GSTP is thus an instrument of cooperation not only for your benefit but for the rest of the world economy as well.

Let me conclude by reiterating that I am convinced that vast economic prospects await the GSTP participants across regions. Your decisions today will constitute the first step towards capturing and pooling these prospects. As I have said before, the best is yet to come for the GSTP.

I wish you all success in your deliberations and assure you of the secretariat's commitment to support your endeavors.

Thank you very much.