

**Opening Remarks by
Petko Draganov
Deputy Secretary-General of UNCTAD**

**Joint Advisory Group (JAG) of the
International Trade Centre UNCTAD/WTO**

Geneva, 14 December 2009

AS PREPARED FOR DELIVERY

Mr. Chairman,
Distinguished Delegates,
Ladies and gentlemen,

It is a great pleasure to address this meeting of the Joint Advisory Group of the International Trade Center UNCTAD/WTO. Since the last meeting of this Group, the ITC has continued towards meeting the objectives included in the Strategic Plan, approved in December 2008. The result has been greater coherence and responsiveness to the challenges facing the business sector, in particular SMEs in developing countries, during a period of economic contraction. The Strategic Plan for 2009-2012 provides a long-term perspective and the possibility to assess results and adjust objectives if needed. UNCTAD commends ITC's continuing efforts to increase the efficiency and effectiveness of its activities, and reaffirms the importance attached to working in partnership, not only with UNCTAD and the WTO, but also with other international organisations.

Before I describe some of the areas of ITC and UNCTAD cooperation, let me first say a few words about the current global economic situation and how it affects ITC's support to the business sector.

The current economic crisis has been transformational, posing a direct challenge to the development paradigm anchored in export-led growth. The increased reliance

of developing countries on exports for income generation – which as a ratio to GDP was almost twice that of developed countries in 2007 - meant this year's trade contraction severely impacted those countries most successful in export-led growth. The crisis revealed that such growth patterns based on exports are highly sensitive to the absorption capacity of (or consumption in) developed countries.

Although, in the second quarter of this year, there was a slight increase in exports, suggesting a recovery in global trade, monthly data show small declines in some countries in July and August before a slight improvement in September. This suggests that if a trade recovery is under way, it may not be stable or strong. Firms in developing countries therefore could look to diversifying into new markets and new products.

However, the private sector cannot be expected to achieve this on its own. It will require pro-active government policies, regulations and institutions aimed at providing incentives and improving productivity and competitiveness. Such measures could be geared towards exploring comparative advantages in emerging dynamic sectors, such as tradable services or environmental goods, and new technologies, including in the area of renewable materials and sustainable energy.

These opportunities could be exploited through active international support to promote sustainable and inclusive development in partnership with the private sector.

Here is where the ITC plays a strong role in supporting the private sector in developing countries to respond to new market opportunities and develop business capacities. To take one example: the ITC's analytical tools for market analysis allow companies in developing countries to easily and freely gather trade and market access data. This information is critical for companies seeking to diversify their export markets and make informed trade and investment decisions. The ITC

therefore provides essential backstopping and support services to many companies in developing countries, especially SMEs, which make up 95% of all businesses, globally. These services are critical to firms struggling to cope with the effects of the economic crisis.

Ladies and Gentlemen,

Given that there are several institutions mandated to support developing countries in the area of trade, it is important that they do so in a coherent and coordinated manner. We therefore note with satisfaction that commitments to strengthen interagency cooperation have been vigorously pursued by international organizations working in the area of trade and trade-related capacity building. One example is the UN CEB Inter Agency Cluster on Trade and Productive Capacity – or “The Cluster” - in which UNCTAD, the ITC and the WTO participate. The Cluster has been instrumental in designing complementary programmes and activities based on the agencies’ respective expertise.

UNCTAD and the ITC, as members of The Cluster, have worked together in the eight “One UN” Pilot Countries. To mention a few examples, in **Cape Verde**, our two organizations are implementing The Cluster’s joint programme on the integration of the country into the world economy. In **Mozambique**, The Cluster is implementing a joint programme entitled "Building Capacities for effective Trade Policy Formulation and Management" whose activities are coordinated with the EIF process. The revised UN Development Assistance Framework (UNDAF) includes additional joint programmes, especially on SME development. In **Rwanda**, UNCTAD and the ITC are coordinating in the revision of the Diagnostic Trade Integration Study (DTIS), and implementing a joint trade-related assistance programme. Further examples of coordination between UNCTAD and the ITC as members of The Cluster include a joint programme in support of East and Central

Asian countries and proposals to strengthen the supply-side needs of eight selected LDCs, under the leadership of UNIDO.

These initiatives have demonstrated our organisations' capabilities to work together systematically and consultatively when launching operations at the country level, in areas where our activities are closely related. Looking to the future, and taking into account the new ITC Strategic Plan 2009-2012, further partnerships could be envisaged in the following areas:

- The interface between environmental issues and trade policy, with a particular focus on the commodity sector, including organic food;
- The improvement of supply chains and the integration of regional and global value chains, with a particular focus on the challenges facing African SMEs attempting to integrate into value chains;
- Support to public-private dialogue on the implications of EU-ACP Economic Partnership Agreements (EPAs), with a particular focus on trade in services, competition policy and trade and investment;
- E-commerce and the use of ICT to enhance trade competitiveness;
- Enterprise development, in particular with UNCTAD's EMPRETEC program;
- And, trade facilitation and trade logistics.

I look forward to UNCTAD and the ITC continuing their collaboration in the future, and to interaction with ITC management and key donors in the design of collaborative projects. I wish you success in your deliberations and I trust that productive discussions in the JAG will provide the ITC secretariat with useful inputs for its future activities.