

**STATEMENT BY THE HEAD OF THE ITALIAN DELEGATION
AT UNCTAD XII (Accra, Ghana 20-25 APRIL 2008)**

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

It is for me an honour and a great pleasure to address you on behalf of the Italian Delegation. Let me first of all warmly thank the Government of Ghana and UNCTAD for their excellent hospitality and for the great effort made in organizing this Conference.

Italy fully shares the statement made by Slovenia on behalf of the EU. I would like to use this opportunity to make some general remarks.

Four years have elapsed since the last UNCTAD Ministerial meeting in Sao Paulo and in the meanwhile the pace and scope of globalization has accelerated. The expansion of global trade and investment flows bear witness to the rising role of new important players, a group of highly dynamic developing countries that command an increasing share of international world trade and investment. Concurrently a new geography of world trade is being defined by the rapid expansion in the South-South trade. According to an UNCTAD study, in 2006 total South-South exports amounted to over \$2 trillion or 17% of world export while total South-South exports accounted for 46% of total developing countries' exports.

A new emerging scenario

Since UNCTAD XI the commodity markets have been booming and the current strong upward trend in prices has been more broad based and longer lasting than usual. According to various observers, this could feature a structural change and mark the beginning of a new commodities economy in the 21st century. Prices of many commodities – among others corn, wheat, nickel, tin non to say oil and gas – have further reached record highs in recent months. This sharp rise in prices is both an opportunity and a challenge for different groups of developing countries. It is an opportunity for most producing countries that however need to identify appropriate policies to ensure that the current boom may turn into a true engine for broad based and equitable development. But the booming commodities represent also a major challenge for net importing countries, particularly the low-income net fuel and food importing developing countries. A particularly worrying development has been the sharp escalation of food prices and its devastating consequences

for net food importing countries and the poor urban consumers. As it has been recently pointed out by FAO, global food prices have now risen by more than 75 percent since 2000, increasing more than 20% in 2007 alone. Italy is fully aware of the devastating effects of this price rise for LDCs and is supportive of the efforts of the international community to mitigate its impacts on the poorest populations.

UNCTAD's challenges and industrialized countries' responsibilities

In this context the real challenge for UNCTAD is how to ensure that trade opening would translate in an opportunity to draw countries, and foremost the LDCs, out of the poverty trap. Developing countries need to be properly equipped in order to fully exploit the opportunities created by trade openness. In that exercise UNCTAD may certainly play a fundamental role in boosting developing countries' full participation in the WTO and may assist in their institutional reform and capacity building processes. As concerns the developing countries not yet WTO members, UNCTAD has always been engaged– and must continue to do so – in helping them accede to the World Trade Organisation.

It is a major responsibility of the industrialized countries to grant developing countries better access to their markets; to eliminate the distortions of markets through subsidies; to refrain from adopting unilateral protecting measures; to facilitate the transfer of technology and to allow developing countries to adopt policies and measures in line with their lower level of development through special and differential treatment, as it has been done by the EU with the initiative “Everything but Arms”. At the same time the more advanced developing countries - which are the new engines for growth - should bear their share of responsibility in parallel with the enhanced role they play in the international trading system, for example granting trade preferences to Least Developed Countries.

Reducing the poorest countries' external debt.

Essential for the development of the poorest countries is also the issue of external debt. Italy is one of the promoters of the “Enhanced Heavily Indebted Poor Countries Initiative -HIPC” and one of those going even beyond the HIPC terms, by cancelling 100% of debt service of the benefiting countries after the “decision point” has been reached; and by providing final 100% cancellation of both “pre cut off date” and “post cut off date” debt, after the “completion point” has been reached.

In the framework of the HIPC Initiative Italy has already provided debt relief to HIPCs for an amount of € 3.15 billion (of which € 2.78 billion were granted to African HIPCs), helping the beneficiaries countries to increase the financial resources to be used in the fight against poverty and to promote their economic growth.

Our Government is ready to cancel the remaining debt of HIPC countries (eligible or potentially eligible) up to the amount of € 1.39 billion - mainly in favour of African countries – as soon as they qualify for assistance.

Italy also contributes to the implementation of the Multilateral Debt Relief Initiative - MDRI through the participation to IDA's and ADB's Funds for an amount of about 1.6 billion.

Finally in debt systemic issues, Italy is an active promoter in all competent fora of “sustainable lending” practices and of viable solutions to the issue of “litigating creditors” that can put at risk the benefits of recent debt relief treatments. “Sustainable lending” is promoted specifically with the aim to avert the build-up of unsustainable debt by low income countries. Italy in the OECD has co-sponsored the Initiative “OECD Principles and Guidelines to promote sustainable lending practices in the provision of Official Export Credits to low income countries” which was approved on the 9th of January 2008.

At the same time Italy attaches great importance to the development of trade and foreign direct investment to boost the economic growth of the African continent. The Italian Government has developed in recent years regional platforms to encourage trade and investment in Africa such as the “Africa Program” of the Italian Export Credit Agency (SACE) and the “Venture Capital Fund” of SIMEST. While the first is tailored to the needs of export in Africa taking into consideration the specificities of the African reality, the latter encourages investment and joint ventures between Italy and other countries. It was recently expanded to include investment in Africa.

Finally, as a G8 member country, Italy committed in Gleanegles in 2005 to actively contribute to doubling aid to Africa by 2010, in both traditional and innovative forms. The Italian development cooperation has thus a clear focus on Africa, the aid to which actually more than doubled between 2004 and 2006. Italy remains firmly committed to a special engagement for Africa in the framework of the priorities of the Japanese Presidency, particularly focused on health, water and education. We will pursue these lines of activity during our Presidency, with a special focus on the fulfilment of the MDGs and on emerging priorities, like food security.

The theme of the Conference

The overall theme of UNCTAD XII Conference is “Addressing the opportunities and challenges of globalization for development”. It is understood that the international community should ensure that globalization is a positive force for all people, men and women alike. Globalisation, which is supported by more and more advanced technological processes, is one of the key factors spurring the economic growth during the last few years. This phenomenon may offer a great opportunity, also and mainly to developing countries, provided it is properly managed. However we must reckon that not all developing countries so far have equally benefited from the opportunities arising from globalisation and the increased foreign investment inflow.

UNCTAD has always been the institutional forum where the many-fold interconnections between trade and development may be debated. Needless to say the current deadlock in the DDA negotiations is likely to have consequences on the future growth of global trade and, consequently, by connection, on trade-generated development. It is worth reminding that the Doha Declaration reaffirmed the essential role of trade in fostering sustainable development and alleviating poverty through liberalisation.

Italy deems that liberalisation should take place on the basis of the “less than full reciprocity” rule. In our opinion, the above rule should be applied taking into account the huge differences existing between the majority of developing countries and the group of the emerging countries. Indeed there exists a gap in the level of development of the two groups of countries that has been enlarging over the years. This highlights the more and more contrasting interests and the different growth pace among them. For this reason, the so called emerging economies should bear their share of responsibility in this process.

Given its fundamental role in promoting a wider participation by developing countries in the international trade, UNCTAD may be regarded as an important consensus-builder for several development-related issues, including the interconnection between development and the liberalisation in services. The Conference may therefore dispel the current and widespread lack of confidence regarding the marginalisation of many countries from the international economic and trade arena.

The institutional reform.

UNCTAD XII will certainly represents an essential step in the process of structural reform outlined in the recommendations presented in the excellent Report of the Panel of Eminent Persons charged by the Secretary General with the task of proposing ways and means to strengthen the Organization up to and beyond UNCTAD XII. Italy expects the Secretary General to complete the implementation of the recommendations agreed upon and put into cluster 1 and wish that the Member States rapidly may reach the necessary decisions on cluster 2 recommendations.

Along with the other members of the European Union, we think that in the next four years UNCTAD should focus on the following priority areas: South-South trade and regional integration; opportunities offered to producing countries by trade in commodities and natural resources and challenges it poses to low-income net fuel and food importing developing countries; investment and competitiveness; strengthening its role by means of reforms taking into account Africa and LDCs, fight against poverty, gender equality and good governance.

We recognize that cross-cutting issues such as gender equality, decent work, sustainable development and respect for human rights should receive the utmost consideration in UNCTAD work. We also deem that good governance is an essential tool for the economic development of all countries. In order to fully implement this address, specific indicators are needed, also meant to ensure transparency and fight against corruption.

Moreover we think that the identification of UNCTAD's priorities should be based on its comparative advantage. Efforts should be concentrated on development-oriented liberalisation avoiding any waste of resources and duplication of activities.

While it is of the utmost importance that UNCTAD may remain a source of independent research and analysis, no doubt it needs to better interact with other international agencies within the framework of the Millennium Development Goals. To this aim it should strive to adopt a style of management more coherent and better in line with modern techniques. It should operate in a way responsive to all of its membership. A reformed UNCTAD could really become a constructive forum of dialogue between North and South.

Finally, as a knowledge institution, UNCTAD can only benefit from the increased credibility, prestige and effectiveness that follows from a multi stakeholder approach. Such an approach would allow

various members of society (academia, private sector, NGOs) to better play their appropriate roles and, as a consequence, more fully concur into the effort to facilitate and improve the dialogue between developed and developing countries.

UNCTAD's technical cooperation and Italy's engagement

UNCTAD may also play an indisputable role in the investment sector, by collecting and analyzing statistical data on foreign direct investment. In so doing it would significantly contribute to the understanding of the relationship between investment, trade and development and of the part played by investment flows in the development process.

In addition technical cooperation is one of the fields where UNCTAD may boast an outstanding experience. There are two sectors where technical assistance should be particularly strengthened and improved, especially in favour of LDCs and other categories of disadvantaged developing countries: a) commodities dependency/agricultural diversification and b) regional integration.

a) The issue of diversification is of great concern to LDCs, given their heavy dependency on commodities. Production and export diversification substantially reduce the economic vulnerability of commodity-dependent developing countries and boost their level of economic development. This structural dependency may be eased by adding value to their local specialty products which may turn into important growth leverage. Italy, thanks to its vast experience in quality food, especially those labelled with geographic indication, is ready to share such experience and to provide assistance to developing countries also in order to ensure the safety and specificity of food products.

b) Similarly, the South-South economic cooperation is a pivotal tool for the growth of the poorest countries. However, in the framework of such cooperation, emerging countries should take a proactive and incisive role in supporting the growth of the most marginalized states. In this regard, regional integration processes taking place in developing countries play an essential role and UNCTAD is an invaluable source of analytical economic data and initiatives in this area.

Italy actively contributes to the support of UNCTAD's technical cooperation programmes and activities through voluntary contributions on the multilateral channel. In the period 2004-2008 the total contributions of Italy to UNCTAD amounted to 1.2 million

of Euro, focusing mainly on the DMFAS Programme (a capacity and institutional building programme providing technical cooperation and advisory services in the area of debt management); on “The Network of Centre of Excellence in New and Emerging Technologies in Developing Countries Project”; on the E-Tourism Initiative (which provides institutional capacity building through the development and implementation of ICT-based tools in the tourism sector).

A special mention deserves the Italian engagement in the project “Mainstreaming LDC into the Global Economy”, which, designed to provide technical assistance to Least Developed Countries in trade issues, has relaunched UNCTAD’ role within the Integrated Framework. Another sector of distinct Italian engagement has been the “EMPRETEC project”, a capacity building initiative aiming at enhancing international competitiveness of Small and Medium Enterprises and at promoting entrepreneurs skills and business linkages, with a special stress to the development of female entrepreneurship. In this field Italy draw from a remarkable network of SMEs and from specialized productive can certainly share the expertise accumulated by its private sector.

Concurrently our steady support for UNCTAD’s projects and activities has been corroborated by arranging and activating partnership initiatives as well as networks for transfer of know-how, lessons learned and experience between Italy and LDCs.

In closing, I would like to reiterate the strong belief of my Government in the importance of UNCTAD as an essential framework for devising strategies for the integration of developing countries in the growingly open world market. The impact of UNCTAD organs and action could be usefully strengthened, but in the course of the many years of life the U.N. Conference on trade and development has gained our full respect. Once again it deserves being commended for its helping the complete and safe integration of less developed economies in the international trade arena.

Thank you all.