

TRADE

28. International trade is being seriously affected by falling income and decreasing demand, in particular in developed countries. Global trade negotiations are stalled and protectionism is looming. Protectionist moves could trigger a retaliatory spiral which could exacerbate the downward cycle. Resisting protectionism and avoiding an aggravation of the current crisis is an imperative today.

29. For the first time in 27 years, global trade is expected to fall by 9 per cent this year. Developing countries that are highly dependent on exports are bearing the brunt of this contraction in terms of rising unemployment and poverty. Trade will play a key role in the recovery process and its finance should be part of all stimulus packages. The conclusion of the Doha Round would mean more and better rules to regulate multilateral trade.

30. Tightening trade finance has become a major issue. All sectors of the economy are being deeply affected. Warnings were underscored against the dangers of lack of trade finance for agricultural investment, trade and development, rendering vulnerable all countries whose main export revenue is based on natural resources and commodities, as well as those that need credit to finance their food imports. This has obvious implications for the fight against poverty and hunger. The fact that the mid-2008 food crisis preceded the current turbulence only exacerbates the situation. Aid for trade continues to be of the highest priority.

31. The dampening demand for the manufactured exports of developing countries, pulls down industrial investment, innovation and production in the face of declining availability of credit due to risk aversion fuelled by the current economic climate. Respect for property rights and intellectual property can be of considerable help.

32. Price volatility is also constraining the capacity of developing countries to manage their economies due to dependence on food, fuel and energy imports. It is for this reason that the IMF proposes to strengthen its surveillance functions with regard to the changes in commodity prices as well as promoting the orderly reduction of global imbalances.



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Fighting protectionism through conclusion of the Doha Round and strengthening aid for trade initiatives and finance for trade.

Keeping the multilateral trading regime open and transparent is the way forward to recovery. It is also an essential component in the fight against protectionism which risks aggravating the current global financial and economic crisis, in particular for developing countries. In that regard, the completion of the Doha multilateral trade negotiations is an imperative. Aid and finance for trade continue to be of the highest priority. The Aid for Trade initiative is critical for generating the additional, predictable, sustainable and effective financing that developing countries, in particular the least developed and other low-income countries, need to build their supply side response capacity. So it is absolutely vital that existing Aid for Trade commitments and also pledges for additional finance are not only kept but also are made available immediately. These are essential instruments to help developing countries continue to benefit from trade agreements in the current crisis. ■