

Ministerial Declaration on the Sidelines of the First G20 Meeting of Ministers Responsible for Trade

Puerto Vallarta, Mexico, April 19, 2012

Brazil, Russia, India, China and South Africa welcome the initiative taken by Mexico in hosting the first G20 Trade Ministers' Meeting and expect it to achieve positive results, contributing to strengthening the multilateral trading system and ensuring strong, sustainable and balanced growth and development.

The BRICS countries take note of the increasing role of global value chains in trade. They note that many sectors, industries and even countries are not participating in global value chains as fully as some others. In order for global value chains to serve as instruments of growth and development, it would be important to develop a deeper understanding of their developmental impact and the conditions under which they can be used to achieve long term socio-economic gains. In addition, attention should be paid to not impose obstacles for the development and effective functioning of global value chains, for protectionist reasons. In this context, it would be useful to have a member-driven process, in the WTO, UNCTAD and other intergovernmental agencies, to examine this issue, including the identification of more accurate statistical methods to assess value addition.

The services sector plays an important role in economic growth and development. Nevertheless, experiences of many countries have shown that in order to benefit from liberalization of services and avoid unintended consequences of premature liberalization, opening services markets should be correctly sequenced, progressive and commensurate with a country's level of development, strength in particular sectors and regulatory capacity. All countries, particularly developing ones, should be able to benefit from balanced and equitable services liberalisation, by gaining additional market access opportunities in sectors and modes of supply where they have a competitive edge.

Trade Facilitation can have a dynamic effect on competitiveness and economic integration. However, the costs of implementing trade facilitation measures can be a significant challenge for many developing countries, which have to be met through adequate financial and technical assistance. Due attention has also to be paid simultaneously to the development of export-related infrastructure, especially in LDCs, to obtain a win-win result.

Trade finance has an important role in promoting trade through access to affordable credit facilities. Trade cannot flourish without a stable international financial environment, on account of the interconnectedness of the financial markets. This calls for better and more effective regulation of financial markets and supervision of the banking system. Regulatory failures in financial markets can lead to financial crises and in turn adversely affect the availability of trade finance. Excessive liquidity in some countries impacts others as well.

Trade can create growth opportunities and trade reforms can reinforce an effective development strategy, but trade openness by itself is not sufficient to ensure growth, development and social

inclusiveness. Other complementary policies are needed for this purpose such as sound macroeconomic management, efficient trade institutions, investments in human capital and infrastructure, adjustment support, and the rule of law. A level playing field, that addresses the current inequities in global trade, is also essential. In particular, trade rules and market opening should apply to all economic sectors, including agriculture, while incorporating special flexibilities and “policy space” for developing countries.

The net employment effects of increased trade may be positive if other country specific factors such as functioning of the labor and product markets, competitiveness of specific sectors and general macroeconomic framework, act in a favourable manner.

Bearing in mind the positive role that trade can play in boosting and sustaining global demand, fostering job creation and increasing the potential for growth and development, we emphasize the need to resist protectionism in all its forms and to promote international trade, while respecting the WTO consistent policy space available to developing countries to pursue their legitimate objectives of growth, development and stability. We encourage the WTO, UNCTAD and other international agencies to complement their on-going monitoring of trade and trade related measures with a deeper analysis of the impacts of these measures on trade flows.

We urge our fellow G20 Trade Ministers to strengthen coordination in promoting a concerted response to current economic uncertainties. “Win-win” trade policies will be central to global recovery. We, therefore, call upon our fellow G-20 Trade Ministers to identify ways to improve the multilateral trading system so that all economies may pursue a sustainable and “development-friendly” integration in global trade, including adjustment strategies for their industries and workforce, as well as the appropriate social and sectoral policies to respond to existing structural vulnerabilities. The conclusion of the Doha Development Round would be a significant step in this direction. The BRICS WTO members will continue their efforts for the successful conclusion of the Doha Round, based on the progress made and in keeping with its mandate, while upholding the principles of transparency, inclusiveness and multilateralism. We encourage all G20 economies to work constructively toward this end in pursuance of the collective decision taken at the 8th WTO Ministerial Conference.

In this context, we also look forward to a successful conclusion of the UNCTAD XIII in Doha which will provide a useful opportunity to highlight the central role of UNCTAD in the area of trade, development and interrelated issues. We reaffirm the need to strengthen UNCTAD’s traditional activities of consensus building, policy dialogue, research, technical cooperation and capacity building, so that it can continue to contribute effectively to its development mandate.