

**Statement by H. E. Mrs. Sarala Fernando, Ambassador/ Permanent Representative of Sri Lanka
at the 40th Session of ITC Joint Advisory Group (JAG) Meeting, 25 April 2007**

Mr. Chairman, my congratulations and best wishes to you for the successful completion of your responsibilities. On an early occasion when I had chaired the JAG, I remember remarking that it was one of the best prepared and most rewarding of such work responsibilities and I am confident that you will also enjoy this assignment.

Let me also congratulate Ms. Patricia Francis, Executive Director of ITC and her team for the excellent preparations made for this session and the presentation of the improved user-friendly documentation.

I found that that the new format adopted for this year's JAG has already paid dividends, judging by the thought-provoking morning session including the interactive presentations by Pascal Lamy, DG WTO, Dr. Supachai Panitchpakdi, Secretary General of UNCTAD and Dr. Yumkella, Director General of UNIDO. I also congratulate H. E. Ms. Ing Khantha Phavi, Minister of Women's Affairs, Cambodia for her excellent intervention. With a number of prominent panelists both from private and public sector, scheduled to take part in three days deliberations of JAG, I am sure the stimulating debate will continue which undoubtedly could provide useful contributions in term of new ideas and in-depth insights into the challenging tasks before ITC of both planning and delivery of Trade Related Technical Assistance (TRATA).

Mr. Chairman,

I would like to focus on how ITC could play a part in enhancing the current positive trends in south-south cooperation specifically in trade related capacity building. We are all aware that south-south trade has made significant strides during the last two decades, as a major driving force that has enabled developing countries, as a group, to enjoy an increasing share in world trade. As reported in the ITC programme document, south-south trade flows represents the fastest growing segment of world trade, having increased at a rate of 10 per cent per annum since the early 1990s.

I also quote from UNCTAD's Trade and Development Report (TDR) of 2005 that "south-south trade rose considerably faster than both world trade and trade among industrialized countries. The share of south-south trade exports in total developing country exports roughly doubled, increasing from about 23 per cent in the 1970s to over 40 per cent in the period 2000 -2003. Moreover, south-south trade exports as a percentage of developing countries to developed country markets have also more than doubled."

This is the 'new trade geography' to which the head of UNCTAD, Dr. Supachai often refers as a welcome development in which further efforts are needed to maintain this momentum.

As you know, in tandem with multilateral efforts in the WTO, this is also an era of increased regional trade cooperation. In South Asia I would refer to the Indo-Sri Lanka Free Trade Agreement (ISFTA) of 2000, and also the subsequent substantial progress made towards the conclusion of a Comprehensive Economic Partnership Agreement (CEPA). In addition to trade in goods, which is currently promoted under the ISFTA, the CEPA aims at liberalizing trade in services, promotion of investment and enhanced economic cooperation between the two countries. The Pakistan – Sri Lanka Free Trade Agreement came into force on 12 June 2005 of which the main objective is to promote closer economic integration between the two countries for realization of enhanced trade and investment opportunities for mutual benefit. SAFTA (South Asian Free Trade Area) came into operation from 01st January 2006 as stipulated in the Agreement, and is expected to increase substantially trade and investment flows among the members of (SAARC), South Asia Association for Regional Cooperation comprising of eight countries. Intra-regionally that is, between South Asia and South East Asia there is an arrangement known as Bay of Bengal Initiative for Multi- Sectoral Technical and Economic Cooperation (BIMSTEC) and also IOR-ARC which is an arrangement joining Indian Ocean rim countries, representing recent initiatives to promote trade and economic cooperation. We believe these initiatives are important building blocks in the efforts to integrate into the multilateral trading system.

In Sao Paulo at UNCTAD XI we launched the Third Round of GSTP with a view to promoting trade among developing countries in a much broader context within the region and across the regions. GSTP is a powerful instrument to further exploit the vast untapped trading opportunities for developing countries. Sri Lanka has been actively participating in the third round discussions and we have voiced our support for further promotion of the GSTP. Currently negotiations have been

confined to the government officials and while there may have been domestic consultation processes with the private sector in the individual participating countries, the dialogue between trade chambers and private sector must be further encouraged for better understanding of the benefits and modalities of the scheme. This is an area where ITC can intervene and make a contribution by organizing, three workshops for private chambers – one for each region (Asia, Latin America, and Africa), with an additional possibility of a big event in Geneva inviting representatives from all leading chambers and other relevant trade promotional bodies.

I am submitting this specific proposal to be implemented in collaboration with the UNCTAD GSTP Secretariat and the South Centre which has been functioning as a think-tank on this issue. The ITC has very rightly identified promotion of south-south cooperation as one of the key areas in its work programme (for example Section 2.2 of ITC Programme document states “Particular emphasis will be put on regional integration and regional trade opportunities as well as south-south cooperation”).

Thank you Mr. Chairman.