

FOREWORD

After years of slow growth, a global recovery that includes many developing countries now appears to be under way. If it is sustained and widened, the recovery could be a step forward on the way to meeting the Millennium Development Goals by the internationally agreed target year of 2015.

The current acceleration of growth in world output and trade reflects the recovery in the United States and faster growth in a number of developing countries in Asia, especially China and India. But many other countries have not enjoyed similar improvements. And far too many, especially in Africa, remain marginalized from the process of globalization, making it much more difficult to achieve the Millennium Development Goals.

These and other key issues were addressed at the eleventh session of the United Nations Conference on Trade and Development, which was held in São Paulo in June. The agreements reached there – the São Paulo Consensus, and the political declaration, the Spirit of São Paulo – emphasize the need for genuine progress in international trade negotiations and for much greater coherence, both in the international economic system and between international regulations and national development strategies.

This year's *Trade and Development Report* is intended as a contribution to the debate on policy coherence. It examines how international trading relations are affected by the international monetary and financial systems, and shows that monetary and financial instability can have a serious impact on the ability of developing countries to participate successfully in the international trading system and reap the benefits of globalization. The *Report* stresses the importance of building a truly multilateral monetary system, in which all countries, not just a few, have a voice in the decisions affecting their lives and prospects. By complementing the multilateral trading system, this would strengthen the impact of trade and capital flows on development. The *Report* also discusses exchange-rate management at the national and international levels, and shows how it can contribute significantly to job creation and poverty reduction.

Effective action in these areas would greatly enhance the prospects for achieving the Millennium Development Goals. Now that an economic recovery is on the horizon, we must move swiftly to pave the way for an extended phase of growth that generates gains in all countries and for all parts of society. In that spirit, I commend this *Report* to the widest possible global readership.



Kofi A. Annan
Secretary-General of the United Nations

