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**REPORT OF THE COMMISSION ON TRADE IN GOODS AND SERVICES,  
AND COMMODITIES ON ITS ELEVENTH SESSION**

Held at the Palais des Nations, Geneva,  
from 19 to 23 March 2007

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## Chapter I

### AGREED RECOMMENDATIONS ADOPTED BY THE COMMISSION AT ITS ELEVENTH SESSION

1. Based on the São Paulo Consensus, and responding to the outcomes reached by the Trade and Development Board at the Mid-term Review, as well as being cognizant of the forthcoming UNCTAD XII, the Commission stresses the importance of acting as a forum for generating new ideas and providing policy guidelines and options on maximizing development gains from the international trading system and trade negotiations. It expresses satisfaction with the secretariat documentation and takes note of reports and recommendations of expert meetings on universal access to services, logistic services, review of the energy sector and market access for small commodity producers. It expresses appreciation to donors contributing resources for the implementation of the trade-related mandates of the São Paulo Consensus and encourages them to continue to grant such support.

2. The Commission considers that competitiveness and returns from commodity production and trade and supporting diversification away from commodity dependency are priorities for the international community with regard to developing countries, especially for African countries and LDCs and countries with economies in transition. Commodity market volatility, including in the energy sector, has trade and development implications that need to be addressed. The Commission agrees that UNCTAD should continue to promote international cooperation and partnerships on commodities, to provide assistance to developing countries on commodity sector development and trade and to render advice to commodity producers on options in order to increase their participation in global value chains and markets, financial and risk management of commodities, commodity exchanges and sustainable development of commodities. UNCTAD should continue its work on agricultural, forestry and fishery products, metals and minerals, and oil and oil products, as well as on biofuels through the Biofuels Initiative. The Commission recognizes that foreign investment could make an important contribution to developing infrastructures in commodity-producing developing countries, in particular LDCs, as well as increased value addition in those countries, in particular in the energy sector.

3. Trade for growth and development and the timely and full realization of the internationally agreed development goals and objectives, including those contained in the Millennium Declaration, are a priority. The Commission therefore welcomes the recent resumption of the Doha negotiations and trusts that all concerned are working for an ambitious, balanced and comprehensive and development-oriented outcome. WTO accession and post-accession challenges also remain important considerations, and the Commission requests UNCTAD to continue its work in this area. The Commission agrees that UNCTAD continue to assist developing countries and countries with economies in transition in strengthening their informed and effective participation in trade negotiations and regional trade agreements.

4. UNCTAD should continue its work on promoting awareness and understanding, among developing countries and countries with economies in transition, of better utilization of trade preferences available under the GSP, including through publication of handbooks on the GSP schemes.

5. A comprehensive Aid for Trade package with sufficient, and when necessary additional, financial resources is essential to boost the development benefits that may flow

from the Doha work programme. It would address the economic and social costs and adjustments necessitated by trade reforms and building capabilities, including supply capacity needs. The Commission agrees that UNCTAD contribute to promoting successful operationalization and implementation of the Aid for Trade initiative. It supports enhanced trade-related technical assistance, training and capacity-building by UNCTAD.

6. Regional trade agreements have proliferated in parallel to the evolution of the multilateral trading system. The Commission recognizes the need to determine how these regional trade agreements can contribute to development and to understand the interface between these processes and efforts to strengthen the multilateral trading system. It agrees that UNCTAD can contribute to the examination of such interface issues as well as assisting developing countries and countries with economies in transition in enhancing their negotiating capacities to deal with trade agreements.

7. The Commission emphasizes South-South trade opportunities arising from the South's new dynamism in international trade, in particular in intra- and interregional South-South trade, and how this can complement North-South trade. The ongoing third round of GSTP negotiations has the potential for further boosting South-South trade expansion and economic cooperation to complement strengthened South-South regional integration processes and North-South trade and economic cooperation. The Commission agrees that UNCTAD increase its focus on South-South trade in commodities, services, and new and dynamic sectors of world trade, as well as on the GSTP, networking among South-South regional trade agreements and analytical tools.

8. The Commission expresses concern about the increased use of non-tariff barriers (NTBs) in international trade that risk neutralizing the gains of tariff liberalization for all countries, but particularly on products of export interest to developing countries. In particular, standards and technical regulations must be developed transparently and applied non-discriminatorily, and should not pose unnecessary obstacles to trade. The Commission agrees that UNCTAD continue its innovative work on NTBs, including through the UNCTAD Secretary-General's Group of Eminent Persons on Non-tariff barriers and the Multi-Agency Task Force, which is working on identifying, classifying and quantifying NTBs, including border and behind border measures, with a special focus on issues and problems faced by developing countries, in particular LDCs, so that they can be effectively addressed in trade negotiations. UNCTAD should also continue its work on environmental requirements and market access under its Consultative Task Force on Environmental Requirements and Market Access for Developing Countries, in cooperation with other relevant organizations, as appropriate.

9. The Commission recognizes that strengthening the participation of developing countries, in particular LDCs, and countries with economies in transition in new and dynamic sectors of world trade would generate new development opportunities. It agrees that UNCTAD should continue its work in this regard.

10. The services economy, trade and liberalization play an increasingly important role for development, including through the GATS and regional trade agreements, and open up new opportunities and challenges. In order to realize the full potential of this sector, the Commission emphasizes the need to build and support competitive services supply capacity and to put in place adequate policy, regulatory and institutional frameworks in developing countries. The Commission agrees that UNCTAD increase its focus on services assessment, trade negotiations and impact on development.

11. The Commission considers that positive economic, social and environmental objectives could be addressed by developing opportunities at the interface between trade, environment and development. The Commission agrees that UNCTAD should continue to strengthen the BioTrade programme and its positive development impact on both the production and exports of biodiversity products and services and its work on the production of and trade in environmental goods and services and organic agriculture. UNCTAD should continue to pursue its work on environmental goods, services and technologies in the context of trade policy and negotiations as well as in the broader context of sustainable development.

12. The Commission notes the importance of stimulating competitiveness and agrees that UNCTAD should continue its work on competition policies, in accordance with, *inter alia*, paragraphs 72 and 95 of the São Paulo Consensus and the UN Conference Review Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, and continue to strengthen the effective formulation and implementation of national and regional competition policies and laws best suited to development needs.

13. The Commission notes the report of the Second Annual Conference of the Global Network of Export–Import Banks and Development Finance Institutions and its efforts to enhance trade finance linkages, especially on a South–South basis.

14. The Commission underlines the contribution that UNCTAD can make to the follow-up of major UN Conferences, including the Monterrey Consensus on Financing for Development.

15. The Commission recalls paragraph 32(b) of the Mid-term Review (TD/B(S-XXIII)/7 (Vol.1)). The Commission notes the proposed development-oriented outcomes, including policy options submitted by the secretariat.<sup>1</sup>

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<sup>1</sup> The proposed development-oriented outcomes, including policy options submitted by the secretariat, are attached as annex I.

## Chapter II

### OPENING STATEMENTS

16. The **Secretary-General of UNCTAD** emphasized issues requiring national- and international-level actions to ensure development gains. In the area of commodities, South-South trade had become one of the fastest-growing elements of international trade. Thus, a key challenge for the international community was to facilitate the necessary institutional changes to reflect the growing centrality of developing countries in the global commodity economy. This included addressing the income effect of commodity price fluctuations, in particular for sub-Saharan Africa. A closely related matter pertained to the impact of high crude oil prices on the net oil-importing countries. Another important factor was the increasing importance of meeting market entry requirements and of non-tariff measures, including standards and sanitary and phytosanitary measures as well as environmental requirements, in international trade more generally. Thus, he had established the Group of Eminent Persons on Non-tariff Barriers, which had created a multi-agency task force on NTBs involving all the major international agencies active in that field, with a view to identifying, classifying and quantifying NTBs and contributing to countries' better understanding of, and ability to cope with, such measures. It was also providing support to developing countries in addressing environmental requirements.

17. UNCTAD had made progress in increasing the participation of developing countries in new and dynamic sectors of world trade relating to the energy sector. UNCTAD's partnership with the Philips Corporation to explore production and trading opportunities in the electrical lighting sector in sub-Saharan Africa was an excellent example of its "catalytic intervention". In line with the growing dynamism of South-South trade and the "new geography of trade", UNCTAD had created a new South-South trade database to strengthen the analytical support for developing countries. The ongoing third round of GSTP negotiations should be expeditiously concluded to give further stimulus to South-South trade. UNCTAD had also initiated the Global Network of Export-Import Banks and Development Financial Institutions (G-NEXID) to facilitate South-South trade financing.

18. A cross-cutting area of growing importance was the nexus between trade, environment and development. A number of developing countries were seriously considering biofuel production in response to concerns about climate change. UNCTAD's Biofuels Initiative would continue to support such efforts. Organic agriculture was another area in which developing country farmers could carve out a profitable niche, given the demand overhang in international markets. Together with UNEP, as part of the Capacity-building Task Force on Trade, Environment and Development, UNCTAD would expand its assistance to developing countries in that area, building on the success of the East Africa Organic Standards.

19. The service economy and trade in services had enormous potential for enhancing the growth and development of developing countries. Regional trade agreements and cooperation schemes could provide a promising avenue for developing countries to build up services supply capacity and competitiveness, increase their share of international flows of services and services suppliers, and reap development gains. The regionalization of services trade was already a fact. However, adequate pacing and sequencing between domestic reforms and regional and multilateral liberalization processes were critical. UNCTAD would continue to

support both regional and multilateral initiatives to provide an enabling environment for services.

20. The Doha negotiations were at a crossroads, and a timely, balanced and development-oriented conclusion was needed. UNCTAD would continue to support developing countries in those negotiations, and play an instrumental role in the Aid for Trade initiative.

21. The **Minister of Trade and Industry of Benin** highlighted key issues that were fundamental for the poverty eradication efforts of developing countries, in particular least developed countries in West Africa. Declining prices of commodities in the international market combined with increasing prices of inputs had rendered many small farmers in Africa uncompetitive in the marketplace and had put their businesses in an unsustainable position. Moreover, agricultural subsidies and domestic support measures in developed countries had detrimental effects on, for example, cotton production and exports in West Africa. That had led to a situation in which small producers of cotton and other commodities were disappearing daily in West Africa, and this was contributing to widening poverty. He requested the donor community to support UNCTAD in helping developing countries to address the development aspects of cotton in order to overcome that dreadful situation while supporting their efforts to remove subsidies under the Doha negotiations on agriculture. He also highlighted the negative impact of the rising oil bill on export competitiveness. There was a need to exploit existing alternative sources of energy, including biofuels, and it was therefore important to assess the environmental and developmental impact of such alternatives.

22. UNCTAD made a valuable contribution to the development process of developing countries, especially by delivering high-quality programmes that strengthened trade policy and negotiations, as well as institutional and regulatory capacities, and providing training and building national and regional expertise in trade issues. Some examples were training in international trade issues; assistance in multimodal transportation; investment; competition law and policy, including voluntary peer reviews, and in particular support to the West African Economic and Monetary Union (UEMOA); and the Integrated Framework for LDCs. Thanks to UNCTAD's support, UEMOA countries were now well versed in preventing unfair and non-competitive practices, such as hard-core cartels. Non-tariff barriers (NTBs), such as long and complex traceability requirements, were increasingly important barriers in international markets to products exported by developing countries. Hence, UNCTAD's work on NTBs would help improve international market access for developing country products. In that respect, organic products and biotrade products from Africa should also enjoy better access to the European bioproducts market.

23. The speaker noted that the JITAP programme had greatly enhanced Benin's negotiating capacities and should be continued and strengthened. He expressed support for UNCTAD's involvement in the Aid for Trade initiative, inviting donors to provide UNCTAD with resources to perform that important role. He observed that if UNCTAD did not exist, it would have been created.

24. The representative of **Honduras**, speaking on behalf of the **Group of 77 and China**, said that UNCTAD's work on trade in goods and services, and commodities remained central to the organization's development mission. This needed to be considered in the context of the preparations for UNCTAD XII. Commodity trade was now a dynamic component of the overall expansion of the South's trade generally and of South-South trade. That fact underlined the potential for further strengthening of the production and competitiveness of

commodities in developing countries in order to harness the new opportunities. Commodity-sector development was directly linked to poverty eradication in developing countries, but that also depended on the returns that producers obtained from commodity production — hence the importance of strengthening the participation of developing country producers, especially small and medium-sized enterprises, in global value chains. Providing better market access and minimizing market requirements for commodities were important. Also, strengthening international partnerships in commodities could be useful. UNCTAD should reinforce its work in the area of energy, as discussed at the previous year's expert meeting on energy.

25. Tariffs remained an obstacle to developing countries' exports despite important progress in that area in the WTO and in regional trade agreements. The Doha agenda's ambitions in that respect were important for all countries, bearing in mind the development dimension that had been underlined by developing countries. Developing competition law and policies at national and regional levels to foster competition was also important, and UNCTAD's cutting-edge work in that area needed to be strengthened. However, it was a matter of serious concern that 10 years after the conclusion of the Uruguay Round, there had been a sevenfold increase in government-mandated testing and certification requirements. Those barriers not only prevented the entry of products into markets but also prevented production from taking place, since they increased costs and made products uncompetitive. NTBs were also visible and pervasive in regional trade agreements. The Secretary-General's Group of Eminent Persons on Non-tariff Barriers and the Multi-agency Support Team would be critical for addressing NTBs. The designation of the TRAINS database as the tool for the work on NTBs was welcomed, and UNCTAD should strengthen TRAINS and continue and expand its installation and dissemination to developing countries. Furthermore, it was relevant that environmental requirements, both mandatory and voluntary, were becoming a decisive factor regarding market access for agricultural products, manufactures and services exported by developing countries. The sector- and country-focused work on such NTBs carried out by UNCTAD's Consultative Task Force on Environmental Requirements and Market Access for Developing Countries was important.

26. Enhancing the participation of developing countries in new and dynamic sectors of world trade was especially important for those countries. UNCTAD should develop this work further in terms of both policy analysis and follow-up supply capacity-building at the national level. The UNCTAD-Philips initiative on electronics in Southern Africa was noteworthy. UNCTAD and interested corporations should consider launching similar initiatives in other dynamic sectors in other parts of Africa and in other developing countries.

27. The services economy and services trade played an increasingly important role in overall development. Thus, it was particularly relevant for UNCTAD to regularly monitor the role of services in development generally and with regard to specific aspects. The establishment of a standing expert group meeting on services should be considered. Adequate pacing and sequencing between domestic reform and regional and multilateral liberalization were important for exploiting services trade and development opportunities. Support was needed in strengthening the analytical, regulatory and institutional capacities of developing countries to benefit from trade in services. UNCTAD's assistance in respect of services, for example for the Southern African Development Community, should be strengthened and provided to many more developing countries.

28. UNCTAD had been very helpful in supporting developing countries in the WTO negotiations on liberalization of trade in environmental goods and services in respect of conceptual and practical issues regarding how to ensure the mutual supportiveness of trade and environment. Since many developing countries were interested in accessing technology, know-how and environmentally-friendly products and services, UNCTAD should continue that support. Furthermore, UNCTAD's BioFuels and BioTrade Initiatives had carried out activities on the potential risks and benefits, for developing countries, of engaging in the emerging biofuels market and on the identification of goods and services that could contribute to sound use of biodiversity, and these activities had been greatly appreciated. Development partners should provide and strengthen financial support for those initiatives.

29. The *Activity Report 2006* of the Division on International Trade in Goods and Services, and Commodities had provided a comprehensive survey of the various development-oriented activities relating to international trade. More extrabudgetary funding was required in order to sustain and expand many ongoing activities, and to launch new ones so as to continue implementation of the São Paulo Consensus. Given the importance attached to UNCTAD's international trade subprogramme and the important results achieved in this area by the Mid-term Review, the subprogramme should be significantly strengthened in terms of resources to enable it to continue its work.

30. The representative of **Thailand**, speaking on behalf of the **Asian Group**, underscored the importance of trade for development and the achievement of MDGs. In that context, the recent resumption of the Doha negotiations was a positive development, which should lead to mutually beneficial avenues for the achievement of an ambitious and balanced outcome. The Group had a long-standing commitment to strengthening the multilateral trading system. The speaker praised UNCTAD's technical assistance activities on pre- and post-WTO accession, organic agriculture and liberalization of environmental goods and services. Commodity-related issues were particularly important for the Asian countries, especially with regard to poverty alleviation. UNCTAD's work in that area had been commendable, including its initiatives in dealing with commodity risk management and innovative financing mechanisms.

31. Asian countries continued to face a number of difficulties in entering foreign markets, as a result of NTBs ranging from technical standards to administrative procedures. Therefore, UNCTAD's work on those barriers, through the UNCTAD Secretary-General's Group of Eminent Persons on Non-tariff Barriers, was timely and should yield tangible benefits stemming from the ongoing and planned activities of the Multi-agency Support Team. UNCTAD should continue to follow the international policy dialogue on that and other issues affecting the market access, market entry and competitiveness of developing countries. Of particular interest was the UNCTAD-Philips initiative on building supply capacity in the electronics sector. UNCTAD should launch such pilot projects in new and dynamic sectors, for example textiles, in other developing countries.

32. Services were essential for development, both for generating current benefits and for realizing future potential. Given that the Asian countries accounted for some 75 per cent of developing countries' trade in services, the sector was of particular importance to their development. However, the lack of services assessment and information was a major impediment to services development and negotiations. UNCTAD's supportive role in that area was important, including in conducting services impact assessment in a larger number of developing countries, drawing on lessons learned in previous assessments. In the GATS

negotiations, with regard to efforts to expand Asian countries' services sector supply capacity, competitiveness and participation in international trade, several pending issues on which progress in the negotiations should be made included sector-specific issues such as tourism, Mode 4 liberalization and elimination of obstacles to services exports.

33. UNCTAD's work on trade and environment issues was essential, in particular the capacity-building activities on environmental and health requirements, market access, export opportunities for organic agriculture and the BioTrade Facilitation Programme. The Consultative Task Force on Environmental Requirements and Market Access had implemented a number of activities of benefit to Asian countries. UNCTAD should continue its invaluable support for WTO negotiations on environmental goods and services, in particular by facilitating consultations among countries.

34. South-South trade, especially interregional trade, remained a priority. In that regard, the Asian Group was committed to the successful conclusion of the third round of negotiations for the Global System of Trade Preferences among Developing Countries (GSTP) by the end of 2007. The accession of several developing countries to the GSTP was a positive development. UNCTAD should continue to strengthen support for South-South trade.

35. The representative of **Angola**, speaking on behalf of the **African Group**, underlined the role of the Commission on Trade in Goods and Services, and Commodities in fostering constructive dialogue that could make a contribution in the lead-up to UNCTAD XII, through clear policy guidelines, options, recommendations and practical support to developing countries. Special attention needed to be given to Africa's needs and interests in view of the continent's continued weak participation in international trade, commodity dependence and inability to take full advantage of trading opportunities under most-favoured-nation treatment or non-reciprocal preferential or regional trade agreements. This included full implementation of the WTO Hong Kong (China) Ministerial Conference decision on duty-free and quota-free treatment for LDCs. Market access alone was not sufficient: it should be accompanied by assistance to improve supply capabilities and address adjustment needs arising from trade reforms. To that end, UNCTAD's active involvement in the operationalization of the Aid for Trade initiative in trade in goods and services, and commodities was warranted. The need to comply with evolving quality and environmental standards also impeded African countries' ability to penetrate export markets. Special attention needed to be paid to addressing such barriers, including through the Consultative Task Force on Environmental Requirements and Market Access for Developing Countries, which was assisting African countries in responding proactively to export market requirements for horticultural products.

36. Raising commodity production and trade to an internationally competitive level was a priority concern for African countries. Africa's commodity economy had its own special problems that required specific measures. Rising prices for some commodities had yielded growing levels of income. At the same time, higher prices for crude oil posed major challenges regarding development prospects. Those challenges had been discussed at the expert meeting on energy in late 2006 and should continue to be examined by UNCTAD, including at the annual African Oil and Gas Conferences. UNCTAD's support in the development of the biofuels market in Africa had been critical, including the partnership with the ECOWAS Bank and the Government of Ghana for the creation of an African Fund for Biofuels.

37. South-South trade, especially interregional trade, remained an untapped potential for African countries which could be addressed, with UNCTAD support, through initiatives such as NAASP (the New Asian African Strategic Partnership), the third round of the GSTP negotiations and IBSA (India-Brazil-South Africa).

38. UNCTAD's work had benefited African countries. Its work on services had added real value to the capacity of many developing countries to assess the implications of services liberalization in both a regional and a multilateral context. UNCTAD had strengthened African countries' capacity to engage more meaningfully in the Doha negotiations and had helped in clarifying complex trade negotiation issues. It had provided assistance to ACP States with the ongoing ACP-EU negotiations on economic partnership agreements. UNCTAD's process of voluntary peer review of competition law was of fundamental value for young competition agencies. The work of the Capacity-building Task Force on Trade, Environment and Development on promoting production and trading opportunities for organic agricultural products in East Africa had the potential to promote trade, development and poverty alleviation. Positive economic, social and environmental objectives could be addressed by UNCTAD's BioFuels Initiative, but concerns regarding food security needed to be taken into account. Biofuels and products derived from biodiversity were also areas of potential interest for developing countries.

39. UNCTAD's technical cooperation activities with respect to policy analysis, human resources development and institutional capacity-building were crucial in facilitating development and deserved support from Africa's development partners. Particular mention could be made of the Joint Integrated Technical Assistance Programme (JITAP), which should be continued and extended to a wider number of African countries. In conclusion, the speaker stressed UNCTAD's collaboration with other agencies.

40. The representative of **Brazil**, speaking on behalf of the **Latin American and Caribbean Group (GRULAC)**, noted the preparations for UNCTAD XII and the opportunity to assess progress in implementing the São Paulo Consensus. He highlighted UNCTAD's work on South-South trade, including the contribution to be made by the High-level Event on Networking with RTAs of Developing Countries. Also, the initiative by UNCTAD to create a database for South-South trade with more disaggregated data was sorely needed. UNCTAD should strengthen its analytical and operational capacities in that area. Encouraging developing countries to participate in new and dynamic sectors of world trade was important. The expert meeting on energy had been very productive and there should be a more specific follow-up in that regard. He expressed support for UNCTAD's ongoing work on non-tariff barriers and on adjustment issues arising from new trade agreements. UNCTAD's activities with regard to trade, environment and development, in particular the BioTrade Facilitation Programme and the BioFuels Initiative, were also worthy of note.

41. Trade in services was growing among developing countries but was concentrated in only a few countries. Intraregional trade in services might further development objectives in the region, but that was not enough. Regional liberalization should go hand in hand with genuine liberalization in developed countries. In that regard, the temporary movement of persons to offer services abroad was relevant. UNCTAD's support to countries in defining national strategies for services negotiations at regional and multilateral levels and in assessing services was invaluable and should be strengthened and extended to other countries. Services trade liberalization, as enshrined in preferential trade agreements, could yield both benefits

and challenges. However, this should be monitored and examined in relation to its contribution to development and the fight against poverty.

42. The intensification of regionalism in Latin America and the Caribbean had raised new concerns with respect to its systemic impact. GRULAC was convinced that that trend was compatible with the multilateral trading system and could be mutually reinforcing. Regionalism was a political reality and would continue to be one of the highlights of the international system in the foreseeable future. The new regionalism now included North-South agreements and entailed new challenges for countries in the region. UNCTAD should deepen its analytical work and technical assistance with regional integration processes and new trade agreements.

43. In addition, UNCTAD should strengthen its support to developing countries in the design and implementation of trade and development policies to help fight poverty; address the relationship between trade openness, growth and poverty reduction; respond to the challenges posed by regionalism, making it a tool for effective development; and enhance participation in the multilateral trade system and trade negotiations.

44. The representative of **Germany**, speaking on behalf of the **European Union (EU)**, said that the EU attached great importance to UNCTAD's advisory role in trade and development. It supported UNCTAD's efforts to be an effective organization that contributed to genuine improvement in developing countries. He stressed the need for an ambitious, balanced and comprehensive conclusion to the Doha Round, calling on all key partners to act in a spirit of constructive commitment. The Doha Round should lead to additional market access opportunities for developing countries. Also, a comprehensive and enhanced Aid for Trade package with globally increased financial resources was both necessary in itself and an essential part of the Doha Development Agenda. He welcomed the emphasis placed on South-South regional trade agreements (RTAs), and encouraged UNCTAD to continue and broaden its analysis of such instruments.

45. With regard to commodities, UNCTAD should draft recommendations on specific measures to enable small producers and processors to successfully participate in the global market, including in supply chains, and to reduce excessive commodity dependence over time. The expert group on that topic had made comprehensive proposals that could be taken up. Growing price volatility, *inter alia* in the energy sector, was another important area where UNCTAD could help to tackle challenges. UNCTAD support could include comprehensive analysis of finance and risk management instruments that had been integrated into the EU Action Plan on Agricultural Commodities for implementation by the World Bank, UNCTAD and others. UNCTAD's efforts to help developing countries enhance their use of renewable energies, especially the Biofuels Initiative, could make a specific contribution in that connection.

46. The EU shared concerns about the danger that increased use of NTBs could jeopardize the success of trade liberalization. NTBs affected all forms of trade, and addressing them should be an area of priority and of intensified international cooperation. Nevertheless, that should not in any way restrict the right of countries to put in place legitimate measures to address non-trade concerns. The EU expressly welcomed the establishment of the Panel of Eminent Persons on Non-tariff Barriers and its Multi-Agency Support Team.

47. The EU noted that trade in services continued to grow, in particular within the South-South RTAs. It was essential for young services sectors in developing countries to set adequate domestic regulatory and institutional standards so as to benefit from growing international trade in services. RTAs between developing and developed countries, such as the economic partnership agreements that were being negotiated, could help to foster those processes. However, it was necessary to guarantee that such RTAs were in line with the multilateral trading system. Particular attention should be paid to the conclusions of the Expert Meeting on Universal Access to Services.

48. Among the interesting aspects of the field of trade, environment and development, UNCTAD's Consultative Task Force on Environmental Requirements and Market Access for Developing Countries played a special role. It should assist developing countries in elaborating future-oriented strategies, facilitating the exchange of information and examining the role of standards set by private companies, and promote closer cooperation among the international standard-setting organizations.

49. The representative of **Belarus**, speaking on behalf of **Group D**, said that countries with economies in transition continued to face challenges arising from the globalization of the world economy and the rapidly evolving international trading system. Those economies were in the process of advancing and finalizing economic reform aimed at fully transforming them into full-fledged market economies. While much progress had been made so far, challenges had arisen in terms of designing and implementing appropriate national trade and development policies and regulatory frameworks, as well as effectively participating in, and deriving benefits from, international trade and investment flows, including through multilateral and regional trade agreements and negotiations. Some of those economies had encountered particular difficulties since their national income per capita remained at a very low level, comparable with that of developing countries or even LDCs. For others, although there had been significant achievements in the reform process, continued efforts were required in order to consolidate and strengthen national capacities in trade-related policy and negotiations. Thus, countries with economies in transition continued to require the support of the international community and UNCTAD with regard to trade and development.

50. Many members of Group D were participating in the Doha Round negotiations, and the latter's resumption in February 2007 posed particular challenges for them in securing an outcome that would allow their economies to fully benefit from increased trade integration while addressing their national developmental concerns. In that connection, continued tailor-made analytical and capacity-building support from UNCTAD was required for such areas as agriculture, non-agricultural market access, services, rules, trade facilitation and intellectual property rights. Group D commended UNCTAD's continued and valuable work on WTO accession. Many countries in the Group had greatly benefited from timely, demand-driven advisory and capacity-building support provided by UNCTAD, which had enabled them to substantially increase their awareness, understanding, trade-policy-related expertise and human resource capacity regarding WTO accession issues. UNCTAD should continue that work and further strengthen it, including through the provision of post-accession assistance.

51. Regional integration and cooperation were becoming increasingly important as an effective tool for the further liberalization of services and the building up of regional supply capacity and infrastructures. The Commission's work focusing on regional integration in trade in services was thus of particular importance, and UNCTAD should promote further research and analysis in that area in order to help developing countries and countries in

transition identify priorities and policy options. Trade in services presented a great opportunity for both developing countries and countries with economies in transition in terms of income generation, exports creation and employment, and UNCTAD should continue its work on new and emerging issues on the trade agenda, particularly services.

52. Group D recognized the growing international consensus that trade liberalization and other trade reforms entailed substantial short- to medium-term economic and social costs, and stressed the need to provide adequate support to developing countries, as well as to countries with economies in transition, in adjusting to trade reforms with a view to maximizing development gains from trade, including through a follow-up to the Aid for Trade initiative effectively addressing the adjustment challenges. In that regard, UNCTAD should continue its work on preparing country-specific trade adjustment analyses leading to operational policy recommendations in that area. Such analyses should also look into issues of concern to countries with economies in transition, particularly those that had low incomes and were subject to special vulnerabilities and geographical handicaps, including landlocked countries. Lastly, UNCTAD's work on new and dynamic sectors of world trade was also important, and further initiatives in that area should be undertaken for countries with economies in transition.

53. The representative of **Benin**, speaking on behalf of the **least developed countries (LDCs)**, described the marginal place which the LDCs occupied in the global economy and indicated their desire to improve it. On average, LDCs accounted for 0.5 per cent of world exports and 0.7 per cent of world imports. It was necessary to improve their production and supply capacity, so that they could integrate more effectively into the global economy. The long-term decline in the prices of commodities had penalized LDCs' exports. For example, in the first half of 2003, the price of coffee had represented just 17 per cent of the price in 1980, the figures for cotton and copper being 33 per cent and 42 per cent respectively. Diversification and structural transformation in LDCs were essential in order to enable them to benefit from commodities. In that regard, LDCs counted on UNCTAD's support to cotton producers and the cotton initiative in the WTO. Also, the International Task Force on Commodities launched at UNCTAD XI could be a pivotal instrument for assisting developing countries in deriving benefits from commodities.

54. The speaker expressed satisfaction with UNCTAD's support for LDCs in the adoption of the Livingstone Declaration, addressed to the Sixth WTO Ministerial Conference. The valuable assistance of the JITAP programme and the Integrated Framework was underlined. UNCTAD's support to LDCs in trade negotiations had been decisive. The coverage of duty-free and quota-free treatment for LDCs' exports should include those products currently facing tariffs, including agricultural products, fish and timber. Barriers to effective market access were also presented by the increase in non-tariff barriers, and these should be eliminated. The impact of environmental requirements was having a particular effect on LDCs' exports. Over 90 per cent of exports from Kiribati and the Gambia, and almost 80 per cent of exports from Cambodia, were affected by environmental requirements. UNCTAD should increase its assistance to LDCs, especially their small and medium-sized enterprises, in adapting to international standard requirements and addressing non-tariff barriers. Services trade in LDCs was concentrated in traditional sectors with low productivity. There was a need to enhance the contribution of the services sector to development in LDCs, especially through the elaboration of services policies and strategies. Enhancing the participation of LDCs in new and dynamic sectors of world trade was another priority. In that regard, useful recommendations had been made by the expert meeting on the review of the energy sector.

55. The multilateral trading system offered the best trade opportunities for all countries through application of the most-favoured-nation clause. At the same time, regional trade agreements had evolved and could serve as useful laboratories for information exchange and development of trade rules and strategies, as well as for negotiating strength. Regional integration among developing countries could help to address structural constraints affecting competitiveness, such as economic infrastructure. It was a means of accelerating development and integration into the global economy. Thus, regional integration agreements among developing countries needed to be strengthened. However, it was important to ensure that regionalism and multilateralism did not become contradictory processes.

56. The representative of the **Russian Federation** underlined the need to strengthen the role of UNCTAD as an important forum for intergovernmental dialogue to promote consensus-building on the current problems of international trade in order to foster development. He stressed the highly relevant nature of such issues as non-tariff barriers and trade in services, commodities and energy. The results of expert meetings on energy sector review, universal access to services, small commodity producers, and regionalism and multilateralism had provided a solid basis for discussions and policy conclusions. The work of the UNCTAD Secretary-General's Group of Eminent Persons on Non-tariff Barriers was also important. UNCTAD should continue and further strengthen its assistance with pre- and post-WTO accession; develop best practices on trade policies, drawing on the past experience of countries; and analyse the current situation and trends in world goods and service markets, especially with respect to commodities and new dynamic sectors of world trade.

57. The representative of **China** said that the international community should take measures to stabilize commodity prices and promote export diversification in developing countries. It was also necessary to further reduce tariffs, eliminate non-tariff barriers and incorporate fully the principle of non-reciprocity into multilateral trade negotiations, including the Doha Round. All efforts should be made to conclude the Doha Round negotiations successfully. With regard to non-market agricultural access, negotiations should aim at reduction or elimination of high tariffs, tariff peaks and tariff escalation, in particular regarding products of export interest to developing countries. The liberalization of trade in services in sectors and modes of interest to developing countries could be an effective means of achieving the Millennium Development Goals. It was emphasized that environmental measures should not cause barriers to trade in goods and services. Furthermore, developed countries should grant special and differential treatment to developing countries to ensure that they could truly benefit from the multilateral trading system. The Aid for Trade initiative was important since it could ensure that developing countries were helped to transform new trading opportunities into economic growth.

58. The representative of **Bangladesh** said that ensuring a successful conclusion of the Doha Round was of immense importance, and he welcomed the recent resumption of negotiations. The current round of negotiations was called the Development Round, but there had not been any development outcomes as yet. Developed countries were reinterpreting and, in some cases, misinterpreting the Doha Development Agenda to further their neo-mercantilist interests. It would be detrimental for all if LDCs did not benefit from the multilateral trading system. Market access was a crucial issue. Developed countries imposed higher tariffs on LDC products than on products from other developed countries. As MFN tariffs were reduced, LDCs would face increasingly stiff competition, even where they currently enjoyed preferences. He hoped that developed countries would honour their

commitment to provide duty-free and quota-free market access for all products from all LDCs, as agreed at the WTO's Sixth Ministerial Conference.

59. In respect of environmental goods and services, the priority in the Doha negotiations was environment, followed by trade. Also, there was recognition of the importance, for LDCs, of technical assistance and capacity-building in trade and environment. LDCs would like to enlist the support of their developed country partners in that respect, with UNCTAD's intellectual backing. At the same time, LDCs faced severe difficulties in identifying and addressing NTBs, which affected their exports. In that regard, the appointment of the UNCTAD Secretary-General's Group of Eminent Persons on Non-tariff Barriers and its Multi-agency Support Team would help LDCs to identify, address and overcome NTBs in real terms. In the area of trade-in-services negotiations, it was important that Mode 4 negotiations enable LDCs to benefit from their huge pool of less skilled labour. UNCTAD's intellectual support in that area had been useful to LDCs and should be strengthened, both substantively and substantially. The issue of fluctuations in commodity prices was of great concern to LDCs. Some direction with regard to addressing such instability was needed.

60. The representative of **Nigeria** expressed wholehearted support for efforts to reinvigorate UNCTAD and transform it into a more effective institution capable of dealing with the developmental issues of a globalizing world. Commodities and development were intertwined and required comprehensive evaluation by UNCTAD, which should address the particular concerns of commodity-dependent countries. In particular, UNCTAD should examine the fact that although commodities continued to provide important sources of foreign exchange, they had not functioned well as a catalyst for growth and industrialization. It was clear that the magnitude of falls in prices and volatility, combined with other factors such as low responsiveness of demand to price changes, had led to abysmal declines in the trade and development indicators of commodity-dependent economies. Something must be done to transform the commodities sector into a dynamic force in the development process. The solution lay in comprehensive diversification strategies and in global policies. UNCTAD's efforts in reviewing and designing relevant models and mechanisms had been helpful.

61. For many developing countries, integration into the global economy was dependent on meeting extremely difficult market access conditions and on creating the necessary environment for competitiveness and development. Benefits would flow from removing barriers to trade, including non-tariff barriers. There was a wide range of rapidly changing non-tariff barriers, which had adverse implications for global trade. In that regard, UNCTAD's initiative in setting up the Panel of Eminent Persons on Non-tariff Barriers was a step forward. Furthermore, stringent and complex environmental, health and safety standards restricted market access for developing countries. UNCTAD's initiatives to address those issues in the Consultative Task Force on Environmental Requirements and Market Access for Developing Countries were commendable.

62. Furthermore, UNCTAD should impress upon developed countries the need to give developing countries special consideration in their trade policies. The potential for trade in services, which was vital for development, had yet to be fully realized in many African countries. Dramatic changes were taking place in the services sector in developing countries: they were having a positive impact and giving rise to development challenges. UNCTAD was addressing the factors that had brought about this situation, and its efforts should be carried to their logical conclusion. In conclusion, the speaker said UNCTAD's work on biofuels and

biotrade was essential and should continue so that its potential benefits could be harnessed equally by all countries.

## Chapter III

### HIGH-LEVEL EVENT ON NETWORKING WITH REGIONAL TRADE AGREEMENTS OF DEVELOPING COUNTRIES

#### Chairperson's summary

63. At the initiative of the UNCTAD secretariat, the High-Level Event was convened (i) to consider issues related to the challenges and opportunities faced by regional trade agreements (RTAs) of developing countries, including assessment of progress in perceived priority areas and the way forward; and (ii) to test the rationale for establishing effective networks among various South–South RTAs, with a possible role for UNCTAD in such networks.

64. Keynote addresses were delivered by the following:

- H.E. Mr. Ong Keng Yong, Secretary-General, ASEAN;
- H.E. Dr. Didier Opertí Badán, Secretary General, ALADI;
- H.E. Mr. Soumaïla Cisse, President, UEMOA;
- Ms. Evelyne Wayne, Deputy Programme Manager, Macroeconomic and Trade Policy, CARICOM;
- Dr. Jim Gosselin, Regional Trade Policy Adviser, Pacific Islands Forum Secretariat;
- H.E. Mr. R.G. Vielman, Ambassador of Paraguay;
- Mr. John Clarke, Deputy Permanent Representative, EC Permanent Delegation in Geneva.

65. The participants emphasized the growing role of RTAs as a major pillar of South–South trade underlying its dynamism in recent years. Although individual South–South RTAs were different in their scope, objectives and degree of converging economic policies, and included members from diverse economic and political backgrounds, they shared some comparable challenges, some of which were as follows:

- Keeping up the momentum towards the achievement of major objectives, including the creation of an integrated market, a free trade zone or a common economic area to benefit from economies of scale through the expansion of trade and investment flows. With the emergence of a new trade geography of international trade, the strategic goals of many RTAs were focused on maintaining and improving the regional competitive edge in international trade;
- Achieving a genuine single integrated market within their regions and/or subregions, including through coordination of sectoral policies and harmonization of fiscal regimes, while nevertheless trying to maintain sufficient space for national policies;
- Overcoming weak economic interdependence and complementarities among their members and balancing the greater influence of individual national interests in relations with third parties;

- Combating poverty and working to ensure a more equal distribution of gains in the region from growing trade and economic growth;
- Substantially improving infrastructures in order to meet security, health, education and other social requirements for the free movement of labour and capital;
- Attracting sufficient investment, including FDI;
- Addressing post-tariff trade liberalization by dealing with NTBs, including rules of origin;
- Harmonizing technical regulations and standards, including through mutual recognition arrangements;
- Promoting a more business-friendly juridical and institutional environment, including through establishing effective dispute settlement mechanisms;
- Providing special and differential treatment for less developed members;
- Dealing with countries' membership of multiple and overlapping regional or bilateral trade agreements, as well as establishing meaningful interaction processes among different subregional and bilateral free trade agreements;
- Gaining greater economic and political leverage by conducting trade negotiations with other RTAs and multilaterally in the WTO;
- Identifying a common vision of their priorities for capacity-building programmes, including those contemplated under the Aid for Trade initiative.
- The participants welcomed the initial efforts by the UNCTAD secretariat to look at possibilities for establishing effective networks among RTAs of developing countries, with a view to promoting dialogue on South-South integration. Networking among RTAs was seen as an effective way to shorten their learning curves, while enhancing their own regional integration objectives. They encouraged UNCTAD to play a leading and active role in and provide institutional support to such networking through a specially established institutional framework.

66. It was recognized that networks among South-South RTAs could be focused at the present stage on collection and dissemination of trade and investment data, exchange of experiences and joint research and analysis, including by means of special web portals, to cover, among others, the following areas: NTBs, including rules of origin; services and regulation of services sectors; competition policy; trade facilitation, including customs procedures; and policies in priority sectors such as energy. RTAs could also pool economic, human, institutional and technological resources in order to create synergies for the purpose of implementing common tasks such as reducing poverty.

## Chapter IV

### **COMMODITIES AND DEVELOPMENT**

(Agenda item 3)

#### **Chairperson's summary**

67. For its consideration of this item, the Commission had before it the following documentation:

“Commodities and development — Background note by the UNCTAD secretariat” (TD/B/COM.1/82);

“Report of the Expert Meeting on Enabling Small Commodity Producers and Processors in Developing Countries to Reach Global Markets” (TD/B/COM.1/EM.32/3); and

“Report of the Expert Meeting on the Participation of Developing Countries in New and Dynamic Sectors of World Trade: Review of the Energy Sector” (TD/B/COM.1/EM.31/3).

68. The secretariat, in introducing its report, highlighted the fact that 2006 had seen the continuation of some trends that had been encouraging for developing countries. While South–South trade had driven commodity demand, with prices of some commodities reaching record or near record levels, there were still significant challenges with regard to ensuring that those trends translated into sustainable development gains. Selected areas of commodity policy to be addressed by the international community included the growing challenge faced by small commodity producers in meeting emerging standards; dealing with the income effects of commodity market instability; and high and unstable prices of energy products, particularly crude oil.

69. The Chairperson of the Expert Meeting on Enabling Small Commodity Producers and Processors in Developing Countries to Reach Global Markets reported on the meeting. He reiterated the importance of commodity issues for reducing poverty and achieving the Millennium Development Goals (MDGs). The elements of an integrated supply chain were important prerequisites for helping small producers reach markets. Different models of integrated supply chains could support the activities of small commodity producers. The role of government was important, particularly within public–private partnerships. Three videos that described the activities of institutions were presented.

#### ***Interactive debate on "Meeting market requirements, standards and niche markets: The situation of small producers"***

70. The proliferation of standards had created a new dynamic where producers were able to access higher-value markets, differentiate their products through labels, and in some cases, receive technical assistance; however, the cost of certification could be prohibitive, particularly for smallholders. There was a need to create sustainable commodity sectors through remunerative prices that covered the cost of sustainable production and processing practices. Participants focused on the concentration in supply chains and on the impact of standards. It was noted that supermarkets could play a valuable role in connecting demanding consumers directly with smallholders. However, increasingly stringent standards could force smallholders out of the market because of the high cost of compliance. The rapid growth of industry labels had driven the proliferation of voluntary standards through the “privatization

of responsibility", whereby the earlier parts of the supply chain were held responsible for meeting health, safety, environmental and social standards. It was pointed out that the cost of compliance should be shared throughout the supply chain. Delegates emphasized the impact that standards were having on their countries' exports and the need for them to have a voice in the development of those standards and support in developing infrastructure to be able to meet them.

***Interactive debate on "Commodity market fluctuations: Dealing with the income effects"***

71. A presentation was made on the Initiative on Commodities, which had been proposed by African countries in the context of the current WTO negotiations and submitted in July 2006. Past experiences aimed at solving the commodity dilemma through horizontal and vertical diversification and supply management were underlined, together with proposals for consultations with all suitable partners. The Initiative focused on the elimination of tariff escalation and the clarification of GATT rules concerning price stabilization. The contribution of UNCTAD and other organizations to the process of finding constructive and realistic solutions to market fluctuations was recognized.

72. Participants discussed how to soften the negative effects of commodity price volatility and reviewed past and present compensatory financing schemes. The effectiveness of previous mechanisms (the IMF's Compensatory Financing Facility and the EU's STABEX and SYSMIN) had been limited because of insufficient resources and substantial delays in the disbursement process, resulting in pro-cyclical interventions. Those systems had also had distorting effects since they encouraged developing countries to rely on grants. The Flex system had been implemented by the EU since 2000. It targeted the fiscal balances of recipient countries and was intended to be more automatic. However, its entry criteria had been criticized. Today, the lenders' community was considering innovative tools such as counter-cyclical loans, which were aimed at supporting budgetary efforts to even out expenditure by linking debt repayment to the price of the main exported or imported commodities.

73. Experts stressed that future compensatory financing mechanisms should take into account the sources of instability. They should also allow automatic and fast transfers and preferably consider moves occurring in net export revenues rather than world price variability. As households and cooperatives had an active role to play, risk management tools should be made available to them through an independent fund backed by the compensatory scheme and government. Safety nets to help farmers cope with risks were of great importance. The situation of net importing countries rather than countries dependent on commodity exports was pointed out, with a reference to the specific case of oil. It was suggested that UNCTAD deepen its analytical work on compensatory financing schemes, including within the specific context of energy.

74. The Deputy Permanent Representative of Uganda presented the report of the Expert Meeting on the Participation of Developing Countries in New and Dynamic Sectors of World Trade. Adjustment to changes in the energy economy would be difficult and challenging for many developing countries, but the new situation also offered opportunities in terms of promotion of more diversified energy portfolios and poverty reduction. The context of high prices could be used as a driving force to promote sustainable development, notably through the use of alternative renewable sources of energy and cooperation among producers and consumers.

***Interactive debate on "Energy: Promoting international dialogue and achieving better energy mixes"***

75. It was noted that high oil prices had accelerated the global debate on energy. Although prices remained an important issue, CO<sub>2</sub> emissions and global warming were also important for the long run. Marrying the objectives of oil-producing and oil-consuming countries required dialogue, not just between producers and consumers but also between consumers in the OECD and non-OECD groupings. The strategic importance of energy in development and the need for regional cooperation in energy in Africa were emphasized. The role of alternatives in the energy mix was highlighted in the context of high oil prices. It was noted that the ECOWAS Bank and UNCTAD had launched a fund to support the financing of biofuel production in West Africa along the entire supply chain, with the first project being jatropha cultivation in Ghana. There was potential energy to drive development, provided that linkages with the local economy were established. Although biofuels was a new sector to be developed, it was one that had already proven good practices.

## Chapter V

### MARKET ACCESS, MARKET ENTRY AND COMPETITIVENESS (Agenda item 4)

76. For its consideration of this item, the Commission had before it the following background documentation:

“Market access, market entry and competitiveness: Background note by the UNCTAD secretariat” (TD/B/COM.1/83); and

“Report of the Expert Meeting on Dynamic and New Sectors of World Trade: The Energy Sector” (TD/B/COM.1/EM.31/3).

77. Consistent with the outcome of the Mid-term Review of UNCTAD XI, the secretariat also presented its new South-South trade information system as work in progress.

#### ***Non-tariff barriers (NTBs)***

78. The Commission heard the presentation by the secretariat on the status of work on non-tariff barriers (NTBs), following the establishment by the UNCTAD Secretary-General of the Group of Eminent Persons on Non-Tariff Barriers (GNTB). At the first meeting of the GNTB (Geneva, 12 July 2006), members had suggested using the TRAINS database as a basis for the creation of a more comprehensive database on NTBs. It had also been proposed that information be collected not only from official sources of measure-imposing countries but also through surveys with trade operators facing NTBs. Three groups of end-uses were identified: (a) trade negotiations and standard-setting; (b) research and analysis; and (c) capacity-building in developing countries. The GNTB had agreed to establish a multi-agency support team (MAST) to provide technical material in support of its substantive work. At the invitation of the Secretary-General of UNCTAD, the following agencies had agreed to be MAST members: the Food and Agriculture Organization (FAO); the International Monetary Fund (IMF); the International Trade Centre UNCTAD/WTO; the Organisation for Economic Co-operation and Development (OECD); the United Nations Industrial Development Organization (UNIDO); the World Bank; and the World Trade Organization (WTO). The first meeting of MAST was held at World Bank headquarters in Washington, DC on 18 October 2006. In addition to the MAST members, the United States International Trade Commission (USITC) and the Economic Research Service (SRS) of the United States Department of Agriculture had been invited to present their experience and concerns. Two academic trade experts had also participated.

79. At the MAST meeting, it had been agreed that the definition of NTBs should be broad, covering all trade policy measures, without a priori consideration of whether the measure had been imposed with the specific purpose of restricting imports or protecting the well-being of consumers. An agreement had also been reached on using the UNCTAD Coding System as the basis for building a new classification of NTBs. UNCTAD had made a presentation on a potential web-based portal as a mechanism to collect both existing and new data on NTBs and provide open access to users, and had also presented a concept for collecting data from both exporters and importers via the Internet. In addition, UNCTAD had presented for comment the updated classification of NTBs for TRAINS. As NTB data collection involved significant resources (human, computer software development and hardware maintenance), a pilot project initially involving a few countries had been suggested

and donor funding had been requested. Those UNCTAD proposals were to be discussed at the second MAST meeting on 5 April 2007 at FAO headquarters in Rome.

80. The Commission noted with concern that since 1995 there had been a substantial increase in the number of NTBs, which endangered tariff liberalization efforts in general and affected the export prospects of developing countries in particular. For example, there had been a sevenfold increase only in such NTBs as Government-mandated technical measures, for example testing and certification requirements. The participants emphasized that addressing NTBs, which influenced all forms of trade and all countries, should be a priority area for intensified international cooperation. In that regard, the Commission fully supported the work of the Secretary-General's GNTB and its multi-agency support team and welcomed the designation of the TRAINS database as the locomotive for that important activity.

### ***Dynamic and new sectors of world trade***

81. The Commission heard the presentation of the report of the third Expert Meeting, which continued the process of sectoral review of dynamic and new sectors of world trade and addressed the energy sector. Priority should be given to a number of policy matters. *At the national level*, the elaboration of national biofuel strategies, including for food security, was important following careful consideration of a number of important issues (for example, end-users of biofuel production, land requirements, conversion technology, economic and environmental impacts, government incentives and investment in distribution infrastructure). In respect of oil and gas, there was a need to encourage the development-oriented use of windfall gains and to avoid "resource curse" impacts by increasing local content and developing linkages with other sectors. *At the international level*, differentiated energy portfolios, financing facilities and transparent producer-consumer dialogue were important. With regard to biofuels, a more liberal trade regime and a fair criteria-development process were essential, as well as utilization of the Clean Development Mechanism (CDM) of the Kyoto Protocol in attracting new investment in and technology transfer to developing countries. With regard to oil and gas, in Africa in particular, international cooperation to develop policies to assist importers facing high and volatile prices, including compensatory finance and importer-producer cooperation, deserved continuous consideration. UNCTAD should strengthen its efforts in the area of energy, trade and sustainable development.

82. The Commission commended the UNCTAD-Philips initiative on electronics in Southern Africa and encouraged UNCTAD to consider similar endeavours in other dynamic sectors and in other developing countries, as well as in countries with economies in transition.

### ***Trends in trade flows and tariffs***

83. It was observed that in 2006, the growth of world exports had more than doubled the growth of world output; this indicated a further deepening of global economic integration. The dynamism of developing countries' trade over the last few years had been spectacular: its growth had been roughly double that of world trade growth. The secretariat's new South-South trade database, the first of its kind, was welcomed. It contained time-series information on bilateral trade flows among developing countries on a disaggregated product basis at HS 6-digit level. UNCTAD should widen and deepen the scope of its research and analysis with respect to the dynamics of South-South trade, particularly on such issues as patterns of the evolution of the new trade geography, new and dynamic sectors in South-South trade and increasing trade complementarities among the countries of the South. UNCTAD should also publish South-South trade data and analyses on a regular basis.

84. With regard to tariff trends, it was recognized that tariffs had decreased worldwide in recent years, although developed countries still charged higher tariffs to developing countries and LDCs as compared with tariffs applied to trade among themselves; this affected the market access of their developing and LDC trading partners. Some of the most important developed country imports from LDCs were still facing relatively high tariffs at double-digit levels. Tariff escalation remained an important concern for developing countries.

85. It was noted that expectations regarding tariff reductions for products of export interest to developing countries under the Doha Round remained uncertain, while intensive consultations and plurilateral negotiations were under way. The need to achieve a commercially meaningful level of ambition in market access for agriculture and non-agricultural market access (NAMA) was recognized, and an important challenge facing negotiators was emphasized — namely, to match that ambition in a balanced and proportionate manner consistent with the principles of special and differential treatment and “less than full reciprocity” for developing countries.

86. Some participants reiterated their commitments for the new round of negotiations under the Global System of Trade Preferences among Developing Countries (GSTP) and noted with appreciation the secretariat's support to those negotiations.

## Chapter VI

### **TRADE IN SERVICES AND DEVELOPMENT IMPLICATIONS**

(Agenda item 5)

87. For its consideration of this item, the Commission had before it the following documentation:

“Trade in Services and Development Implications — Background note by the UNCTAD secretariat” (TD/B/COM.1/85);

“Report of the Expert Meeting on Universal Access to Services” (TD/B/COM.1/EM.30/3); and

“Report of the Ad Hoc Expert Group Meeting on Logistics Services” (TD/B/COM.1/AHM.1/3).

88. Representatives viewed the topic of services regional trade agreements (RTAs) as being highly relevant for development. The secretariat's background note (TD/B/COM.1/85) highlighted (i) economic trends; (ii) trends in services RTAs and reasons for them; (iii) RTAs' approaches to liberalization and cooperation; and (iv) the interface between regionalism and multilateralism. UNCTAD was commended for the quality of the note, which analysed complex and sensitive issues in a comprehensible and balanced manner. Given the novelty of the ideas and the usefulness of the research and policy recommendations, analytical work should be continued. UNCTAD was also commended for assisting developing countries in (i) undertaking assessments; (ii) RTA processes, both South–South (e.g. SADC) and North–South (e.g. ACP–EU economic partnership agreements); and (iii) enhancing collaboration between regional groupings on services.

89. The Chairpersons' summaries of the 2006 Expert Meetings were presented (on universal access to services, November; on logistics services, July). Participants drew attention to the strong relationship between poverty reduction and universal access, the role of Governments and the need for best-fit policies. They stressed the importance of logistics services for countries' competitiveness and integration into the world economy, as well as the supply-side constraints faced by developing countries and LDCs. For liberalization to be beneficial, preconditions on regulation, infrastructure, technology and human resources had to be met. Both meetings were considered to have been very useful in providing inputs into policy formulation at the national, regional and multilateral levels, and their innovative and holistic approach (involving regulators, policymakers, civil society and trade negotiators) was valued. Further work in those areas was requested.

90. Given the growth and importance of services development and trade, it was essential that they *translate into tangible development gains*. Intra-developing countries services trade mainly occurred at the regional level, accompanied by a proliferation of services RTAs at the bilateral, subregional and interregional levels, with an increasing number of South–South RTAs. The reasons for services RTAs went beyond economics, with *strategic objectives* (e.g. development, stability, security, geopolitics, attracting FDI) playing an important role (e.g. EU). A review of services RTAs (COMESA, MERCOSUR, CARICOM, ASEAN, SADC, EC, NAFTA) revealed differences and common features. Three approaches could be distinguished: GATS-type with 4 Modes; NAFTA-type with a separate investment chapter; and the European approach with services trade liberalization as part of deeper integration. Many RTAs were *universal in scope* but *excluded sensitive sectors*; adopted a *progressive*

*approach towards liberalization* (negotiations/implementation over time); and differed in *liberalization methods* (positive/negative lists). While both approaches could lead to the same degree of liberalization, the negative list required a higher level of capacity amongst negotiating countries, with particular challenges for developing countries where regulatory frameworks had yet to be developed. North–South RTAs led to deeper integration, with many covering "new generation issues" (investment, government procurement, competition).

91. Services trade liberalization *went beyond the traditional "goods"-concept of liberalization*, with trade barriers taking the form of domestic regulations. Hence, development-enhancing services liberalization required recognition of the role of regulation, including its sectoral specificities. RTAs could facilitate regulation, institution-building and competitive services sectors, but capacity-building and *cooperative mechanisms* were needed, particularly in a North–South context, for example mutual recognition agreements or policies related to competition, social security, double taxation or development of regional markets. RTAs facilitated intraregional business activities, and some RTAs were moving towards the harmonization of national regulatory frameworks.

92. Some RTAs had made *progress in facilitating the temporary movement of natural persons*. Approaches included the GATS (comprehensive coverage of temporary movement of services suppliers but selective liberalization commitments); NAFTA (focus on highly qualified individuals); and EU internal market (more comprehensive integration of labour markets). While deeper economic integration, similar levels of development and close geography facilitated the movement of natural persons, inter-RTA liberalization could lead to tighter external borders. Development gains from the movement of natural persons called for policy analysis in order to facilitate movement, induce return migration, reduce the brain drain and the cost of remittance transfer, and address social issues. The need to further facilitate the movement of natural persons was stressed.

93. The Commission examined *experiences with services RTAs*, implications for services talks in the Doha work programme, and the interface between multilateralism and regionalism. With MFN market access conditions determining the level of preferences that might be provided in the regional context, *services RTAs tended to go beyond GATS*. Moreover, "GATS plus" was a key requirement of GATS Article V. While there were differences, countries' RTA commitments were greater than their GATS commitments or GATS Doha Round offers and tended to lead to actual liberalization. Some combined a standstill with a positive list. Attention was given to the *sequencing* between national-level policy reform, complementary regulatory frameworks and the subsequent consolidation of liberalization in GATS/RTAs. *Services RTAs posed challenges and opportunities* (e.g. impact of first mover advantages in sectors with high sunk costs; resource constraints for multiple negotiations; interlinkages between multilateral and regional systems, e.g. regional Mode 4 liberalization with implications for multilateral endeavours or addition of new issues).

94. It was noted that *South–South services trade continued to grow*, complemented by an increasing number of *South–South RTAs*. The latter served as laboratories to test liberalization; allowed cooperative efforts between countries with similar regulations, supply capacities and cultural affinities; created economies of scale; built supply capacities; strengthened nascent industries; and offered a tool to harness the benefits of South–South trade. South–South RTAs offered *platforms for multilateral or third party liberalization* (e.g. economic partnership agreements). While not all ACP countries were prepared to include services in the economic partnership agreements process to be concluded by 2007, those that

were willing to do so flagged the importance of a positive list approach. Any North–South agreement should be positive for development, key elements being effective/operational special and differential treatment (SDT), capacity-building and real market access in sectors/modes of export interest to developing countries, particularly Mode 4. Given the nascent state of developing country services sectors, reciprocal North–South market opening might affect the benefits expected from South–South RTAs.

95. For some, multilateral liberalization was most effective in liberalizing world trade, while for others, services RTAs were more dynamic and could be a stepping stone for multilateral liberalization — for example, countries with RTAs had advantages in multilateral negotiations, as they could more easily identify their measures for liberalization. Services liberalization was hard to quantify and data/information on implementation of RTAs was lacking. Consideration of market access aspects was not enough; rather, there was a need to consider the benefits from investment, technology, Mode 4 and cooperative mechanisms. *On services rules of origin (RoO)*, specific technical difficulties included ambiguities relating to "substantial business operations". Regarding Article V consistency, the question was whether RTAs excluding one mode *dovetailed* with SDT (WTO rules established requirements under which RTAs were allowed to operate but lacked clarity, for example regarding "substantial sectoral coverage"/"no a priori exclusion of any mode of supply"). It was suggested that WTO rules on RTAs be clarified, and a reference was made to the potential of the transparency mechanism.

96. For *realizing development gains from services RTAs*, there was a need to ensure a mutually supportive interface between multilateral and regional systems (for example, addressing the challenges of the "spaghetti bowl" approach by avoiding fragmentation and enhancing coherence), which required a clearer understanding of regional trends and development implication (for example, data availability, regulatory assessments and enhanced understanding of RTAs' development implications). Resources were requested for UNCTAD to assist developing countries in approaching North–South RTAs in an informed manner; to strengthen South–South RTAs, including with a view to building regulatory, institutional and supply capacity; and to enhance coherence between services trade liberalization at the multilateral and regional levels and between different regional initiatives.

## Chapter VII

### TRADE, ENVIRONMENT AND DEVELOPMENT (Agenda item 6)

97. For its consideration of this item, the Commission had before it the following documentation:

“Trade, Environment and Development — Background note by the UNCTAD secretariat” (TD/B/COM.1/86); and

“Report of the wrap-up workshop of the UK-DFID-funded UNCTAD Project ‘Building Capacity for Improved Policy Making and Negotiation on Key Trade and Environment Issues’ and the 2006 Annual Session of UNCTAD’s Consultative Task Force on Environmental Requirements and Market Access for Developing Countries, Geneva, 3–4 July 2006” (UNCTAD/DITC/TED/MISC/2006/1).

98. In respect of *trade negotiations on environmental goods and services*, the main challenge to the negotiations provided for in paragraph 31(iii) of the Doha Ministerial Declaration was to make three objectives converge and become mutually supportive, namely environmental sustainability, development and trade liberalization. The current negotiating positions spanned a wide range of approaches. Some WTO Members were set on a very pragmatic, supply-side approach of putting forward self-defined lists of environmental goods for tariff reduction negotiations in the NAMA field. Others were looking for new negotiating tracks and parameters that could lead to full discharge of the mandate and reflect fully the developing WTO Members' demands and priorities. There were asymmetries along North-South lines. Many of the goods on the negotiating table were technology-intensive, with significant added value. The idea of a "living list" could only perpetuate those asymmetries. There were issues that had not been properly addressed in the negotiations and that could bring about some balance, for example the inclusion of environmentally preferable products such as biofuels, agricultural products and products based on traditional knowledge within the product coverage. Other important missing elements that could help to rebalance the package were NTBs, financing of technology and subsidies, intellectual property rights and technology transfer.

99. Irrespective of which negotiating approach prevailed, it would have far-reaching implications in the longer term. The risk lay in the absence of criteria, which could lead to a precedent, an inadequate introduction of the subject matter in trade liberalization rounds, with consequences for the following rounds, and a tendency to deal with the issue on the basis of negotiating power.

100. A possible breakthrough in the negotiations in the next couple of months affected the timing of what could be done on a short-term basis. If an elaborate negotiating process was no longer an option, could members settle for something that was less than dealing with the mandate in its entirety while preserving their chances for a symmetrical and neutral outcome? The view was expressed that the WTO Members should not be negotiating about goals and objectives because that would add additional hurdles. Instead, they should be negotiating about goods that might possibly qualify as environmental. The mandate could be perceived as a simple and straightforward one. Clearly, it touched on other development objectives, including UN goals, and there was room for the various agencies and NGOs to tackle those; however, the mandate should not be treated as a panacea for all social and environmental ills.

101. Millennium Development Goals (MDGs) could be used as a reference and then translated sequentially into negotiating objectives. There were many potential environmental targets to be derived from MDGs: supply of drinking water, drainage systems, sanitation, disposal of sewage, waste disposal and renewable energy. In addition, choices made by WTO Members could be linked to multilateral environmental agreements (MEAs).

102. There was a missing link between the normative work done at the UN and the negotiations in other forums, specifically at the WTO. There was a need to view technical issues from a broader perspective, taking into account other processes and other dynamics. That was important in the context of UN reform, preparations for UNCTAD XII and follow-up to the Financing for Development Conference.

103. UNCTAD's role in providing substantive support to the negotiations was considered especially important: it was the organization that was most present not only in spirit but also in concrete terms, coordinating and providing advice and information, helping the developing Members acquire the necessary expertise and familiarize themselves with experiences gained in other relevant processes and forums. Several speakers emphasized that UNCTAD should remain a major contributor and play a leading role in bringing the development perspective to those negotiations. As the key observer organization, it should be brought even closer to the negotiating dynamics. The view was expressed that, given the late stage in the negotiations, UNCTAD should focus on empirical issues — on identifying products of interest to developing countries and generally helping delegations to gain individual knowledge of what was in their best interests and how to translate those interests into negotiating proposals. The Commission took note of the forthcoming Trade and Environment Review, which would address points raised at the present session.

104. *With regard to trade and development challenges and opportunities in climate change*, panellists stressed that, according to the assessment reports of the Intergovernmental Panel on Climate Change, global warming was accelerating owing to human activity. In the light of the negative impact that climate change was having and would increasingly have on the environment, on the economy, on the development prospects of developed and developing countries alike, and ultimately on all human activities and on the well-being of all peoples, urgent responses were being sought through the climate change regime. Climate change was indeed one of the major political, technical and societal challenges of the century. Moreover, countries had different capacities for reacting to climate change effects — the poorest countries being the least able to find adequate responses — and geographical conditions made some countries more vulnerable than others.

105. Moving to a low-carbon economy and changing energy systems and investment strategies would, however, be a difficult and rather long process. World energy demand was expected to grow by 60 per cent by 2030 and fossil fuels would continue to dominate the energy mix. Greenhouse gas emissions would increasingly originate in developing countries as a result of their development process and population growth. Everybody agreed that climate change response measures should neither hinder development nor prevent developing countries from achieving their economic growth and poverty reduction objectives. Green energy investments could provide a suitable path to move towards a low-carbon economy. Contrary to a common perception, developing countries were taking vigorous action in that direction. The examples of Brazil as the largest world ethanol producer, of India as a strong player in the field of wind power and of China as an investment leader in renewable energies were mentioned.

106. Much attention was devoted to the Kyoto Protocol and its flexibility mechanisms, in particular the Clean Development Mechanism (CDM). It was pointed out that the adoption and entry into force of the Kyoto Protocol represented a very significant step towards a less carbon-intensive economy, first of all because for the first time a large number of countries had agreed to enter into legally binding emissions reduction commitments, and secondly because the Protocol paved the way for the establishment of a carbon market. The Kyoto Protocol would expire in 2012, but intensive negotiations were under way to define the post-Kyoto scenario. The CDM had proved to be a powerful policy tool for tapping the full potential of investment opportunities, ensuring the most cost-effective emission reductions and guaranteeing widespread use of green technologies. To date, 561 projects had been registered and approved by the independent CDM Executive Board and an additional 1,600 were in the pipeline. The CDM had already delivered emissions reductions of more than 1.9 billion tonnes of CO<sub>2</sub> equivalent. With carbon prices well above \$10 per tonne, there was an enormous potential to generate green investment flows to developing countries. Developing countries were proving to be efficient users of CDM, proposing innovative solutions and championing unilateral projects not dependent upon developed country investments. However, several developing countries, particularly small ones and LDCs, required enhanced technical assistance to derive maximum benefit from the CDM. The present and future climate change regime should constitute an opportunity to create new jobs and new business opportunities and to develop and commercialize new products, services and technologies. Governments should therefore design policies aimed at reaching that goal and should provide a clear message to the industry. The experience of Brazil with ethanol production was discussed. It emerged that the country had gone through a long process of technological improvements which had made it an extremely efficient producer of biofuels and related technologies. At the same time, it was noted that trade rules and practices might hamper the free flows of goods, services and technologies that might prove necessary for countries to enable them to meet their emissions reductions targets.

107. In conclusion, it was stressed that climate change was above all a development challenge, which made it an issue that UNCTAD should address prominently. The analytical and technical cooperation activities being carried out under the UNCTAD BioFuels Initiative were mentioned with appreciation by several country delegates.

## **Chapter VIII**

### **IMPLEMENTATION OF AGREED CONCLUSIONS AND RECOMMENDATIONS OF THE COMMISSION, INCLUDING POST-DOHA FOLLOW-UP**

(Agenda item 7)

108. For its consideration of this item, the Commission had before it the following documentation:

"Progress report on the implementation of agreed conclusions and recommendations of the Commission, including post-Doha follow-up" (TD/B/COM.1/87);

"DITC Activity Report: Note by the UNCTAD secretariat" (UNCTAD/DITC/MISC/2006/14)"

109. The Commission took note of the report by the secretariat on the activities carried out in 2006 by the Division on Trade in Goods and Services, and Commodities.

## Chapter IX

### OTHER BUSINESS

(Agenda item 9)

#### Second annual meeting of G-NEXID

##### Chairperson's summary

109. The Honorary President of G-NEXID presented the report on the second annual meeting of the Global Network of Exim Banks and Development Finance Institutions (G-NEXID), held on 22 March 2007. He said that at the morning session the Network's activities and future plan had been discussed. The member institutions had been informed that G-NEXID's office had been set up in Geneva with the assistance of the Swiss authorities and the support of UNCTAD. The increase in G-NEXID's membership to 15 institutions spread across Asia, Africa, Europe and Latin America within such a short time had been noted with satisfaction. Furthermore, it had been agreed that G-NEXID's membership should include more representation from hitherto unrepresented geographical areas. The meeting had witnessed the technical launch of G-NEXID's official website ([www.gnexid.org](http://www.gnexid.org)), its objective being to create a competitive online presence, information- and experience-sharing, training (with the support of UNCTAD, which would be providing self- and distance-learning programmes on commodity and trade finance) and brand building, and to facilitate the conduct of business among the member institutions.

110. A consensus emerged regarding the activities that G-NEXID should carry out in the short and medium term. These included designing programmes for SME development through capacity-building exercises; training programmes for member institutions involving experience-sharing and exchange of personnel; an open forum on topics of relevance to South-South trade and investment (which, ideally, could be held a day in advance of the annual meeting); devising ways and means to enable the G-NEXID forum to act as the hub for providing solutions to the requirements of member institutions/countries; and documenting the bilateral business deals on the website for the benefit and knowledge of other member institutions.

111. At the afternoon session presentations were made on various technical topics, including UNCTAD's South-South trade database and its preliminary findings in terms of the emergence of the South in international trade; economic intelligence through UNCTAD's Infocomm and Infoshare knowledge and information management tools; and ways to improve SME access to finance by using management competence as "collateral" through a case study of the Enterprise Management Development Services programme — a joint initiative of the International Trade Centre and the Exim Bank India.

112. A session was devoted to sharing member institutions' experiences on areas related to South-South cooperation and finance. A broad consensus emerged on the activities plan for 2007. It was agreed that G-NEXID was intended to boost bilateral and multilateral agreements among Exim banks and development finance institutions, and that such cooperation was expected to reduce the transaction costs of trade, spurring investment across borders, making financing more readily available to new and innovative businesses, and enabling the growth of "niche markets". It was envisaged that the newly established network would allow developing countries to learn from one another's experience and share effective

practices for entering new markets, financing non-traditional goods and services, and establishing risk-sharing methods for investments.

113. Members of G-NEXID from different continents were enthusiastic about the developments during the previous year and eagerly looked forward to the forum's becoming a significant catalyst for enhancing South–South cooperation, with a particular focus on trade and SME development, with UNCTAD continuing to provide support and guidance.

## **Chapter X**

### **ACTION BY THE COMMISSION**

114. At its closing plenary meeting, on 23 March 2007, the Commission adopted its agreed recommendations (see chapter I above). In addition, it took note of the reports of the three expert meetings and one ad hoc expert meeting as contained in documents TD/B/COM.1/EM.32/3, TD/B/COM.1/EM.31/3, TD/B/COM.1/EM.30/3 and TD/B/COM.1/AHM.1/3. It also took note of the report on the second annual meeting of the Global Network of Export-Import Banks and Development Finance Institutions (G-NEXID).

115. At the same meeting, under agenda item 8, the Commission decided that the provisional agenda for its twelfth session and the timing of the latter, as well as topics for expert meetings, would be decided on by the Trade and Development Board in April 2007.

## **Chapter XI**

### **ORGANIZATIONAL MATTERS**

#### **A. Opening of the session**

116. The eleventh session of the Commission on Trade in Goods and Services, and Commodities was opened at the Palais des Nations, Geneva, on 19 March 2007 by Mr. Miguel Bautista (Philippines), Vice-Chairperson of the Commission at its tenth session.

#### **B. Election of officers**

117. At its opening plenary meeting, on 19 March 2007, the Commission elected its Bureau as follows:

Chairperson:	Mr. Christophe Guilhou (France)
Vice-Presidents:	Mr. Ambroise Balima (Burkina Faso) Ms. Dulce Ma. Valle (Mexico) Mr. Ahmad Khalil Nasri (Afghanistan) Mr. Pere Marzábal Martinez (Spain) Mr. Dmitri Fomchenko (Belarus)
Rapporteur:	Ms. Dinar Henrika Sinurat (Indonesia)

#### **C. Adoption of the agenda and organization of work**

118. At the same meeting, the Commission adopted the provisional agenda circulated in document TD/B/COM.1/81. Accordingly, the agenda for the eleventh session was as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Commodities and development
4. Market access, market entry and competitiveness
5. Trade in services and development implications
6. Trade, environment and development
7. Implementation of agreed conclusions and recommendations of the Commission, including post-Doha follow-up
8. Provisional agenda for the twelfth session of the Commission
9. Other business
10. Adoption of the report of the Commission to the Trade and Development Board

#### **D. Adoption of the report of the Commission to the Trade and Development Board**

119. At its closing plenary meeting, on 23 March 2007, the Commission adopted its draft report (TD/B/COM.1/L.33, Adds. 1, 2 and 3), subject to any amendments of the summaries

of the statements; decided to include in its report the Chairperson's summaries on the substantive agenda items; and authorized the Rapporteur to finalize the report, taking into account the proceedings of the closing plenary.

## Annex I

### PROPOSED DEVELOPMENT-ORIENTED OUTCOMES, INCLUDING POLICY OPTIONS

**A. Commodities and development:** To strengthen the contribution of commodities to development and to poverty reduction and achieving MDGs, the following options and actions could be considered. *At the national level:* (a) strengthen capacity to comply with standards and assuring certification; (b) meet country-specific needs in finance and risk management; and (c) enhance the process of integrating farmers into supply chains to increase their involvement in world commodity markets, including through private-public partnerships, development of markets through the establishment of commodity exchanges, and assessments of the benefits to be gained by entering niche markets. *At the international level:* (a) strengthen South-South trade and regional cooperation in commodities; and (b) enhance development cooperation and international partnerships that target the commodity sectors.

**B. Market access, market entry and competitiveness:** Enhancing the participation of developing countries in new and dynamic sectors of world trade, including through the changing energy economy, is important in assuring development gains from international trade. *At the national level:* (a) encourage the development-oriented use of recent windfall gains in oil and gas, increase local content, and develop linkages with other sectors; (b) elaborate national biofuel strategies to exploit emerging opportunities; (c) expand investment in distribution infrastructure to reduce transaction costs between farmers and the end market. *At the international level:* (a) adjust to the changing energy economy through differentiated energy portfolios, financing facilities, and transparent producer-consumer dialogue; (b) promote a more liberal trade regime and a fair criteria-development process in respect of biofuels, as well as utilizing the clean development mechanism (CDM) of the Kyoto Protocol; (c) enhance international cooperation in the area of oil and gas to assist importers in the context of high and volatile prices.

**C. Trade in services and development implications:** Services development and liberalization, including in the regional context, opens up new opportunities and challenges for assuring development gains. *At the national level:* (a) put in place domestic policy instruments, including effective regulatory frameworks, and strategies for building competitive services supply capacities; (b) strengthen the role of the state in assuring universal access to essential services, while carefully harnessing the private sector and pursuing privatization; (c) building and maintaining supply capacities in key sectors that input into logistics services. *At the international level:* (a) promoting an open trading environment under conditions of fair competition and achieving the aims of GATS Article IV, including by improving developing countries' services access to markets in sectors and modes of priority interest to developing countries; (b) assist developing countries on services development and trade negotiations, including in conducting services assessment and strengthening their participation in services trade; (c) deepen work on universal access to services and logistics services, and help identify policy options and development opportunities affecting services in the multilateral, regional and South-South context.

**D. Trade, environment and development.** Exploit development opportunities at the nexus of trade and environment. *At the national level:* (a) consider biofuels as possible instruments to mitigate climate change effects and improve energy diversification; (b) exploit biotrade opportunities by combining conservation efforts, sound management practices and sustainable use of biodiversity; (c) consider involving key trading partners in consultations concerning new or revised environmental, health and food safety requirements, including on designing national good agricultural practices (GAP) programmes; (d) promoting the organic agriculture sector in support of sustainable development goals. *At the international level:* (a) support developing countries to become active players in the emerging biofuels market; (b) facilitate trade in sustainably-produced biodiversity products and enable greater market access for such products; (c) continuous public-private sector dialogue and joint action to ensure that environmental and related requirements (both public and private) do not create unnecessary technical barriers to trade; (d) supporting the informed and effective participation of developing countries in international trade and environment discussions and negotiations.

## Annex II

### ATTENDANCE\*

1. Representatives from the following States members of UNCTAD attended the Commission:

Afghanistan	Iran (Islamic Republic of)
Albania	Iraq
Algeria	Israel
Angola	Italy
Australia	Japan
Austria	Kazakhstan
Azerbaijan	Kenya
Bangladesh	Kuwait
Belarus	Latvia
Belgium	Lesotho
Benin	Madagascar
Bolivia	Malaysia
Bosnia and Herzegovina	Mali
Botswana	Mauritania
Brazil	Mauritius
Bulgaria	Mexico
Burkina Faso	Mongolia
Cameroon	Morocco
Cape Verde	Myanmar
China	Netherlands
Colombia	Nicaragua
Côte d'Ivoire	Nigeria
Czech Republic	Norway
Democratic Republic of the Congo	Oman
Dominican Republic	Pakistan
Ecuador	Paraguay
Egypt	Peru
El Salvador	Philippines
Ethiopia	Poland
France	Portugal
Ghana	Republic of Korea
Germany	Russian Federation
Greece	Saudi Arabia
Guatemala	Senegal
Haiti	Singapore
Honduras	Slovakia
Holy See	Slovenia
India	South Africa
Indonesia	Spain

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\* For the list of participants, see TD/B/COM.1/INF.11.

Sri Lanka	United Kingdom of Great Britain and Northern Ireland
Sudan	United Republic of Tanzania
Thailand	United States of America
Timor-Leste	Uruguay
Trinidad and Tobago	Venezuela (Bolivarian Republic of)
Turkey	Zambia
Uganda	Zimbabwe

2. The following intergovernmental organizations were represented at the Commission:

African Union  
Common Fund for Commodities  
European Community  
League of Arab States  
Organisation internationale de la francophonie  
West African Economic and Monetary Union

3. The following United Nations agency was represented at the Commission:

United Nations Environment Programme

4. The following related organization was represented at the Commission:

World Trade Organization

5. The following non-governmental organizations were represented at the Commission:

*General Category*

BPW International  
International Centre for Trade and Sustainable Development  
Third World Network  
World Association of Small and Medium Enterprises  
World Council of Churches

*Special Category*

International Ocean Institute

6. The following panellists were present at the Commission:

**Monday, 19 March 2007**

S.E. M. Moudjidou Soumanou, Ministre de l'industrie, du commerce et de l'emploi du Bénin

***High-level Policy Dialogue: Networking among Regional Trade Agreements of Developing Countries***

H.E. Mr. Ong Keng Yong, Secretary-General, Association of Southeast Asian Nations, (ASEAN), Jakarta, Indonesia

Sr. Didier Opertti Badán, Secretario General, Asociación Latinoamericana de Integración, (ALADI), Montevideo, Uruguay

M. Soumaïla Cisse, Président, Union économique et monétaire ouest africaine, (UEMOA), Ouagadougou, Burkina Faso  
Ms. Evelyne Wayne, Deputy Programme Manager, Macroeconomic and Trade Policy, Caribbean Community Secretariat (CARICOM), Georgetown, Guyana  
Mr. Jim Gosselin, Regional Trade Policy Adviser, Pacific Islands Forum Secretariat  
H.E. Mr. Rigoberto Gauto Vielman, Ambassador of Paraguay, Geneva  
Mr. John Clarke, Deputy Permanent Representative, Permanent Delegation of the European Commission, Geneva

**Tuesday, 20 March 2007**

Sra. Claudia Elizabeth Guevara De La Jara, Segundo Secretario, Misión Permanente del Perú, Ginebra  
H.E. Mr. Nanguyalai Tazi, Ambassador, Permanent Representative of Afghanistan, Geneva  
Mr. Mwansa Musonda, COMESA  
Ms. Evelyne Wayne, CARICOM  
Ms. Ariela Ruiz, MERCOSUR  
Mr. Christoph Rames, EC Commission  
Mr. Gervais Appave, IOM  
Ms. Nora Dihel, OECD

***The Interface between the Regional and Multilateral Levels — Ensuring Coherence for Development***

S.E. Sr. Fernando de Mateo y Venturini, Embajador de Mexico ante la OMC, Geneva  
Mr. Hamid Mamdouh, WTO, Geneva  
M. George de Oliveira Marques, Deuxième secrétaire, Mission permanente du Brésil, Genève  
Ms. Alicia Greenidge, Assistant Deputy Chief of Mission, Permanent Mission of the United States to the WTO, Geneva  
M. Peter Govindasamy, Conseiller pour les affaires économiques, Mission permanente de Singapour, Genève  
M. Mostafa Ait Amor, Premier secrétaire, Mission permanente du Maroc, Genève

**Wednesday, 21 March 2007**

***Interactive debates on "Commodities and Development"***

Sr. Néstor Osorio, Director Ejecutivo, Organización Internacional del Café  
Mr. Bill Vorley, Head of Sustainable Markets Program, International Institute for Environment and Development, United Kingdom  
Mr. Elly Kamahungye, First Secretary, Permanent Mission of Uganda  
Mme. Catherine Araujo-Bonjean, Université de Clermont-Ferrand  
Mr. Laurence Eagles, Head, Division of Oil and Markets, IEA  
S.E. M. Guy-Alain Emmanuel Gauze, Ambassadeur de la Côte d'Ivoire auprès des Organisations internationales, Genève  
H.E. Mr. Joseph Kofi Adda, Minister of Energy of Ghana, Accra

**Thursday, 22 March 2007**

***Interactive debate on "Trade and Development Opportunities under the climate change regime"***

Mr. Guilherme Patriota, Counsellor, Permanent Mission of Brazil to the WTO,  
Geneva

Mr. Thomas Cottier, Director, World Trade Institute

Ms. Carmen Luz Guarda, Market Access Division, WTO

Mr. Feng Gao, Director of Legal Affairs, UN Framework Convention on Climate  
Change

Mr. Janos Pasztor, Director, Environment Management Group, UNEP

Mr. Jose Romero. Head of the Swiss delegation to climate change negotiations and  
the Intergovernmental Panel on Climate Change (IPCC)

Mr. Jacques Marcovitch, President of the University of São Paulo (1997–2001),  
Senior Advisor to the World Economic Forum

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