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TRADE AND DEVELOPMENT BOARD
Commission on Trade in Goods and Services, and
Commodities
Expert Meeting on Market Entry Conditions Affecting
Competitiveness and Exports of Goods and Services of
Developing Countries: Large Distribution Networks,
Taking into Account the Special Needs of LDCs
Geneva, 3-5 November 2003
Item 2 of the provisional agenda

PROVISIONAL AGENDA AND ANNOTATIONS

I. Provisional agenda

1. Election of officers
2. Adoption of the agenda and organization of work
3. Market entry conditions affecting competitiveness and exports of goods and services of developing countries: Large distribution networks, taking into account the special needs of LDCs
4. Adoption of the report of the Meeting

II. Annotations to the provisional agenda

Item 1 Election of officers

1. It is recommended that the Expert Meeting elect a Chairperson and a Vice-Chairperson-cum-Rapporteur.

Item 2 Adoption of the agenda and organization of work

2. The provisional agenda for the Expert Meeting is reproduced in section I above. The provisional schedule of meetings for the three days is attached to this document.

Item 3 Market entry conditions affecting competitiveness and exports of goods and services of developing countries: Large distribution networks, taking into account the special needs of LDCs

3. The negative impact of market entry conditions on the competitiveness of developing country enterprises, particularly those in LDCs, even when liberal market access conditions are provided, has been discussed on several occasions, particularly in the area of commodities. It has also been observed that the same situation exists for other products and services. The growing role of large distribution networks as the dominant players in international trade of many items, particularly foodstuffs, but also services, has also been evoked in this respect. Their role in the context of market access conditions has been apparent both in applying the rules and regulations enacted by Governments and as the originators of their own requirements in terms of quality and other concerns.

4. The Meeting will discuss what can be done to assist developing countries in (i) dealing with market entry problems, particularly in the context of large distribution networks, (ii) benefiting from the opportunities that are generated by supermarket chains and alternative trading channels, (iii) understanding the competition policy aspects of large distribution networks. The experts will identify national and international policies and actions in these respects, and ascertain where there is scope for addressing them in international forums and where national policies, with international support, represent the principal method for dealing with the problems.

Documentation

TD/B/COM.1/EM.23/2 Market entry conditions affecting competitiveness and exports of goods and services of developing countries: Large distribution networks, taking into account the special needs of LDCs

Item 4 Adoption of the report of the Meeting

5. The report of the Expert Meeting will be submitted to the Commission on Trade in Goods and Services, and Commodities at its eighth session on 9-13 February 2004. The final report will be compiled under the authority of the Chairperson after the conclusion of the Meeting.

SCHEDULE OF THE MEETING

Day 1 (3 November 2003) (10 a.m. – 1 p.m.)	Day 2 (4 November 2003) (10 a.m. – 1 p.m.)	Day 3 (5 November 2003) (10 a.m. – 1 p.m.)
Plenary <u>Opening statement</u> Item 1: Election of officers Item 2: Adoption of the agenda and organization of work Informals Item 3: Market entry conditions affecting competitiveness and exports of goods and services of developing countries: Large distribution networks, taking into account the special needs of LDCs	Informals (continued) Item 3 (continued)	Informals (continued) Item 3 (continued)
(3 p.m. – 6 p.m.) Informals (continued) Item 3 (continued)	(3 p.m. – 6 p.m.) Informals (continued) Item 3 (continued)	(3 p.m. – 6 p.m.) Plenary (closing) Item 4: Adoption of the Report of the Meeting

Inputs from experts

Experts nominated by member States are invited to submit brief papers in advance of the meeting to the UNCTAD secretariat. Papers will be made available to other participants at the meeting in the form and language in which they are received.

To facilitate a structured exchange of national experiences, experts are invited (but not required) to take into account the questions below when preparing their inputs. Experts may choose to give special attention to one or more topics which are of most relevance to their national experience and from which lessons could be drawn for the benefit of the other participants. Concrete illustrative examples are encouraged.

The following are some questions raised in the issues note that experts may wish to consider in their submissions from the point of view of their countries.

Retailing and distribution issues

- (a) What has been and could be the impact of the spread of global retailers upon national and international distribution networks and upon the agrifood and textile industries and tourism?
- (b) Could the growing reliance on centralized procurement systems, fewer suppliers, long-term contracts and global procurement have an impact on particular developing country exports, potentially marginalizing them from important markets?
- (c) What are the relationships between the internationalization of major retailers and trade flows? Is there a link between the commercial presence of distribution services and the opening of markets for goods and services?
- (d) Could segmentation and market niches represent a good opportunity for these producers, and what are the concrete effects of the different fair-trade initiatives (such as the fair-trade principles of Max Havelaar) for developing country producers?
- (e) What are the potential effects of the development of business-to-business (B2B) networks incorporating suppliers and retailers on market entry for exporters of developing countries?
- (f) How do supermarkets and producers in developing countries cooperate in supply chain management, and what strategies are domestic retailers following to confront increasing competition from global retailers?

Quality, safety and environmental standards issues

- (a) How could private grading and standards be used to facilitate market entry by developing country producers and help them retain a larger share of the total value-added generated?
- (b) How significant are environmental requirements in the context of purchasing policies of supermarkets? Which sectors are targeted? What kind of environmental aspects are highlighted? Are requirements more stringent than in the case of government regulations?

Competition law and policy issues

- (a) Could competition law and policy be used by developing countries to tackle problems associated with large distribution networks and, if so, (a) in which areas, and (b) how should it be adapted and applied, taking into account the specific circumstances of developing countries?
- (b) Is there any risk that cooperative arrangements or mergers among developing country producers aimed at boosting their seller power, so as to counterbalance oligopsony or buyer power of developed country enterprises, may be subjected to competition enforcement action by developed country competition authorities?
- (c) Could enhanced co-operation among competition authorities of developed and developing countries assist in tackling problems and, if so, what could be its objectives, content and mechanisms? Would exchange of information relating to oligopsony or buyer power be feasible or useful?

Other policy issues

- (a) What might be appropriate roles for Governments in this area? Could they, for example, include: (i) provision to small farmers (cooperatives or firms) of adequate instruments for improving human resources and financing investment; (ii) basic quality and safety standard systems; (iii) encouragement of cooperation among small and medium-sized farmers and firms to overcome scale and scope barriers and human resource requirements; (iv) allowing strengthening of seller power of developing country enterprises through mergers or other means; or (v) promoting group negotiations by developing country enterprises relating to supply contract terms?
- (b) Are there any measures (taking into account Art. IV (b) of the GATS) that might be undertaken by developing and/or developed country Governments and/or private stakeholders to maximize options and benefits in terms of available export outlets and/or to promote direct contact with ultimate consumers?
- (c) Should industry standards and standard-setting procedures and supermarket purchasing practices be the subject of international discussions?

- (d) Where can development assistance contribute most to building up local capacities and stimulate action in these areas? What might be the appropriate roles for Governments?

Experts are kindly requested to submit their papers (hardcopy and electronic format) by 25 May 2002 to: Mehmet Arda, Commodities Branch, Division on International Trade in Goods and Services, and Commodities, UNCTAD, E.9027, Palais des Nations, CH-1211 Geneva 10, Switzerland, Tel. ++41 22 9175790. Fax: ++41 22 907 0509. E-mail: mehmet.arda@unctad.org.