



**United Nations
Conference
on Trade and
Development**

Distr.
LIMITED

TD/B/COM.1/L.20/Add.3
7 February 2002

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Commission on Trade in Goods and Services
and Commodities
Sixth session
Geneva, 4-8 February 2002

**DRAFT REPORT OF THE COMMISSION ON TRADE IN GOODS AND SERVICES
AND COMMODITIES ON ITS SIXTH SESSION**

4-8 February 2002

Rapporteur: Ms. Fatima Al-Ghazali (Oman)

Speakers:

Jamaica

Ethiopia

Bangladesh

Representative of the UNCTAD secretariat

Jamaica

Sri Lanka for the Asian Group and China

Mauritius for the African Group

Morocco

Bangladesh

Consumers International

International Confederation of Free Trade

Unions

Tunisia

European Commission

Dominican Republic

Note for delegations

This draft report is a provisional text circulated for clearance by delegations.

Requests for amendments to statements by individual delegations should be communicated by **Wednesday, 13 February 2002** at the latest, to:

UNCTAD Editorial Section, Room E.8108, fax no. 907 0056, tel. no. 907 5656/1066.

**THE SUSTAINABLE USE OF BIOLOGICAL RESOURCES: WAYS TO ENHANCE
THE PRODUCTION AND EXPORT CAPACITIES OF DEVELOPING COUNTRIES
OF AGRICULTURE AND FOOD PRODUCTS, INCLUDING NICHE PRODUCTS,
SUCH AS ENVIRONMENTALLY PREFERABLE PRODUCTS (EPPS)**

(Continued)

1. The representative of **Jamaica** recognized the critical importance of agriculture to socio-economic development and highlighted a range of possible measures and initiatives geared toward growth, sustainable development and enhanced competitiveness of the sector. Her country had made efforts to develop niche products such as condiments and horticultural products destined for export markets, and it welcomed and endorsed the recommendations made by the experts. From the range of national initiatives emanating from the expert meeting, particular attention should be paid to measures aimed at attracting investment and new technologies and the development of new and creative forms of financing. These were crucial, as the ability to attract investment would play an important role in obtaining the requisite technology and know-how in order to develop the sector further. Scarcity of resources was a major constraint on the further development of the agricultural sector, and it was therefore important to find new and innovative means of providing agricultural credit. In addition, the issue of standards needed to be addressed in the national and multilateral context. It was important to recognize the need for the development of equivalent standards with a view to enhancing market access. Developing countries needed technical assistance in this area, not only to attend the meetings of standard-setting bodies but also to be effectively involved in the development and implementation of these standards.

2. Possible areas that should be given attention in the next two years included: (a) policy analysis for the development of national policies to encourage growth and development of the agricultural sector and the production of organic products; (b) the development of the necessary institutional framework for promoting research and improvement in the physical infrastructure of the agricultural sector; (c) assistance in designing, implementing and enforcing standards in the agricultural sector (which would require UNCTAD to cooperate with various standard-setting bodies).

3. The representative of **Ethiopia** highlighted the fact that assistance geared toward the agricultural sector had decreased in recent years. Efforts at the national level could not be implemented effectively without strengthening of capacities. Efforts at capacity building could be aimed at promoting environmentally sound processes. Transport and social infrastructure were other priority areas for capacity building. With debt relief, agricultural productivity and production could be boosted.

4. The representative of **Bangladesh** said that the expert meeting had come up with useful recommendations and highlighted the importance of keeping in mind the structural context of LDCs, where agriculture accounted for a high proportion of GDP and export earnings. The problem of the concentration of agricultural trade on very few commodities needed to be addressed. High tariffs and tariff escalation continued to pose problems for

LDCs and, in a number of cases, tariff peaks undermined potential for exports. In many cases, sanitary and phytosanitary measures stood in the way of agricultural exports. The picture could be even more complex in the case of organic products. UNCTAD had a major role to play in this area. Finally, export subsidies in markets of developed countries should be phased out. He encouraged UNCTAD to pursue work on this matter in line with Bangkok Plan of Action.

**ANALYSIS OF MARKET ACCESS ISSUES FACING DEVELOPING COUNTRIES:
CONSUMER INTERESTS, COMPETITIVENESS, COMPETITION AND
DEVELOPMENT**

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

“Report of the Expert Meeting on Consumer Interests, Competitiveness, Competition and Development” (TD/B/COM.1/43);

“Note by the UNCTAD secretariat” (TD/B/COM.1/47);

“Comments of the United States on the outcome of the Expert Meeting on Consumer Interests, Competitiveness, Competition and Development” (TD/B/COM.1/CRP.2).

6. The representative of the **UNCTAD secretariat** introduced agenda item 5, referring to the outcome of the Expert Meeting on Consumer Interests, Competition, Competitiveness and Development, and drawing attention to the proposals for follow-up action contained in the note prepared by the secretariat.

7. The representative of **Jamaica** recognized that globalization could bring both benefits and challenges to developing countries. However, her country had become increasingly vulnerable to fraudulent cross-border commercial practices, since there were no laws specifically addressing such activities. The development and maintenance of competition and consumer protection policies was the first step to take, and Jamaica had enacted the Fair Competition Act and established an agency to enforce it. The Consumer Protection Act was expected to be introduced in mid-2002 and would be administered by the Consumer Affairs Commission. Governments should ensure that the application of consumer protection laws and regulations was beneficial to all sectors, particularly the informal sector. UNCTAD's technical assistance in adopting, reforming and enforcing competition and consumer protection legislation remained of critical importance.

8. The representative of **Sri Lanka**, speaking on behalf of the **Asian Group and China**, expressed support for the recommendations adopted by the expert meeting. Globalization was creating challenges for the protection of developing country consumers. The multilateral trading system prescribed standards, but their implementation remained problematic for developing countries, and strengthened technical assistance was therefore needed. Careful attention should be given to paragraphs 25-29 of the outcome of the expert meeting. Financial assistance was needed to strengthen national institutional machinery to enable it to deal with cross-border practices, and UNCTAD should play a key role in implementing these recommendations.

9. The representative of **Mauritius**, speaking on behalf of the **African Group**, stressed the need for specific efforts by UNCTAD to provide support to developing countries in elaborating competition and consumer policies. Such support would make an important contribution to competitiveness and institutional development in those countries and would help to achieve the balance between protecting consumers and achieving the development of

effective markets without imposing undue constraints on business. The elaboration and enforcement of competition and consumer protection legislation should remain an important part of UNCTAD's technical assistance. His Group supported actions enabling UNCTAD to assist developing countries in areas specified in the recommendations of the expert meeting and reiterated its request to all development partners and relevant international organizations to provide technical and financial assistance. The situation in Africa was critical owing to countries' institutional and capacity constraints. UNCTAD should consider convening further meetings on consumer interests and preparing studies on related issues, including an assessment of how to tap the informal sector in developing countries to accelerate development.

10. The representative of **Morocco** emphasized the importance of UNCTAD's work in the area under discussion, particularly in the context of the post-Doha process. He reported on the recent adoption by Morocco of Competition and Consumer Protection Acts, which had been introduced as part of the economic reforms being carried out by his country.

11. His delegation valued the work on competition carried out in UNCTAD and WTO intergovernmental groups and underscored the need for further work within both organizations to clarify certain core principles and modalities for international cooperation. A multilateral agreement on competition that took into account the need for flexibility and the special legal and economic conditions of developing countries would greatly enhance the control of cross-border anti-competitive practices that were detrimental to developing countries. In this respect, UNCTAD should expand its technical assistance to all developing countries to introduce and enforce competition and consumer protection legislation.

12. The representative of **Bangladesh** said that the majority of the least developed countries did not yet have competition or consumer protection legislation, and the few countries that did faced serious institutional and capacity constraints in enforcing the laws. At the analytical and policy levels, there was need for further work and consultations among countries on the nexus between competition, competitiveness and development. He urged UNCTAD to continue to work on these issues and to provide fora for member States to exchange views, as well as to expand its technical assistance in support of competition and consumer protection policies.

13. The representative of **Consumers International** supported and endorsed the work of UNCTAD in the area of consumer interests, competitiveness and development and pointed out that his organization had for many years encouraged Governments to recognise the importance of consumer policy. This area of policy was a fundamental component of the development process, and well informed and demanding consumers were necessary to encourage competition and competitiveness. The expert meeting had made important recommendations in that connection. There were important synergies between the areas of interest of UNCTAD and the work of his organization, as illustrated by specific activities taking place in various countries and regions. He called for support for the continuation of UNCTAD's activities in the consumer policy field as a complement to its work on competition; such activities could include further expert meetings.

14. The representative of the **International Confederation of Free Trade Unions** said that developing countries' access to international markets was one of the prerequisites for sustainable development. Her organization had therefore proposed at the Doha Ministerial Conference that WTO provisions relating to special and differential treatment be made more operational to allow developing countries more flexibility in protecting their markets, while protection in other markets against products of export interest to developing countries, particularly least developed countries, be reduced. In this spirit, her organization supported the proposal inviting the Commission to request technical assistance to help member States to adopt, reform or better enforce competition and consumer protection laws. This would facilitate an examination of the relationships among competition, consumer interests, competitiveness and development, and of how markets could have more positive effects upon poverty alleviation and create growth, jobs and export opportunities. Economic decision-making needed to be brought more in line with the interests of individuals and, particularly in developing countries, the satisfaction of basic needs of all consumers, including the poor. The new trade round was strengthening the power of transnational actors at the expense of countries' sovereign right to exercise democratic control over their development model and their food resources. She recalled that the respect of trade union rights and of the fundamental norms of the International Labour Organization was an essential aspect of combining development with social justice.

15. The representative of **Tunisia** referred to the economic reforms undertaken by his country, including the adoption of competition and consumer protection legislation. He expressed support for the recommendations of the Expert Meeting on Consumer Interests, Competitiveness, Competition and Development, particularly the reference to developing countries' need for technical assistance in this area.

16. The representative of the **European Commission** said that improving the competition and consumption environment was a decisive factor for growth and sustainable development. Sustainable consumption patterns should be promoted without imposing undue constraints on business. As effective market access measures and cost reducing policies contributed significantly to increasing the competitiveness of business and to enhancing the sound and sustainable development of economic structures, he supported the participation of an increasing number of agents in economic activities through appropriate privatization and the opening-up of restricted sectors, both in production and in distribution. The European Commission had always placed competition policy at the centre of European integration for the benefit of its citizens. He warned, however that, in order to avoid fraud or abuses of dominant position and commercial power, such processes must be subject to due supervision and must take place in an environment that ensured correct regulation and adequate consumer protection. To this end, countries needed to establish regulatory frameworks at the national or regional level. Raising awareness among consumers and businesses of their rights and obligations to achieve adequate standards of quality and behaviour on the market was important, and it was particularly important for the informal economy in many developing countries. In this connection, he called upon consumer associations and other members of civil society to play a proactive role in providing information and advice, particularly with a

view to increasing citizens' familiarity with the United Nations Guidelines for Consumer Protection.

17. The representative of the **Dominican Republic** expressed his delegation's continuing strong support for UNCTAD's work on competition and consumer policies, including the outcome of the expert meeting. In his view, two of the issues identified by the meeting deserved priority attention: how privatization in developing countries in such sectors as energy was allowing some firms to come in and monopolize markets; and how institutional complementarity between agencies responsible for competition and consumer protection might be ensured. UNCTAD should also work on elaborating a model law or laws. An essential means of humanizing globalization was the effective protection of consumers from abuse of dominant positions. No organization other than UNCTAD could handle such issues.