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TRADE AND DEVELOPMENT BOARD
Commission on Trade in Goods and Services, and Commodities
Eighth session
Geneva, 9–13 February 2004

**Draft report of the Commission on Trade in Goods and Services,
and Commodities at its eighth session**

Rapporteur: **Ms. Ana Rocanova (Uruguay)**

Speakers:
Secretary-General of UNCTAD
Brazil for the Group of 77 and
China
Ireland for the European Union
Senegal for the African Group

Argentina for GRULAC
Islamic Republic of Iran for the
Asian Group and China
Benin for the LDCs
Colombia
Argentina

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
Tuesday, 17 February 2004 at the latest to:
UNCTAD Editorial Section, Room E-8104, fax no. 917 0056, tel. no. 917 5655/1066.

Chapter I

Opening statements

1. The **Secretary-General of UNCTAD** said that, of various key dates in 2004, the most important one for UNCTAD was the eleventh Conference, which would also mark the fortieth year since UNCTAD's founding. UNCTAD XI would seek to identify all the problems with coherence that should be settled in order to create the necessary conditions for making the next few decades in world trade really belong to developing countries. The Conference's sub-theme on assuring development gains provided an opportunity to make a constructive contribution to building up a trade and development solidarity for realization of the Millennium Development Goals.

2. International trade, after a period of anaemic growth and even decline, appeared to have been rebounding since 2002. Apart from the role of some major developed countries in this recovery, developing countries had registered a robust 9 per cent growth in trade. South-South trade had expanded and now accounted for 43 per cent of the total trade of developing countries. Revitalization of the Global System of Trade Preferences among Developing Countries (GSTP), with UNCTAD's support, could contribute to furthering South-South trade as a useful complement to North-South trade. UNCTAD XI could send positive impulses for a successful development-oriented conclusion of the Doha Work Programme. At the same time, the unfolding regional and sub-regional processes should be harnessed, with attention to promoting coherence with the multilateral trading system. Further, new trading opportunities for developing countries, such as outsourcing of services, provided avenues for instant and durable development gains. UNCTAD was well placed to provide a strategic perspective on these issues. UNCTAD's work would continue to focus on its traditional areas of goods, services and commodities, trade and environment, and trade and competition. Growing attention was needed in the UNCTAD XI process to integrate trade and poverty, trade and gender, and trade and creative industries into UNCTAD's work programme on trade.

3. The representative of **Brazil**, speaking on behalf of the **Group of 77 and China**, expressed the Group's commitment to ensuring that the international trading system became more supportive of sustainable development. Trade must be made development friendly and strive to meet the Millennium Development Goals. UNCTAD, including through UNCTAD XI, had the most relevant contribution to make, particularly by fostering consensus and confidence building and by promoting positive outcomes to the Doha negotiations. Most countries looked forward to prompt resumption of negotiations in the World Trade Organization (WTO), but maintaining the Doha mandate in terms of its development-oriented emphasis. In addition to agriculture, the final package must include effective responses to implementation issues, the cotton initiative, agreements on non-agricultural market access and services that enabled developing countries to diversify their production, and special and differential treatment (S&DT). Market access and entry barriers should be removed. Developing countries must improve their competitiveness, with appropriate capacity-building support. Services, including outsourcing, were of key importance, and the international community should create an enabling environment for such flows. A commercially meaningful outcome on Mode 4 on was another priority. UNCTAD's assistance was needed with the terms of services assessment exercise and work on GATS rules and domestic regulations. There was a need to address trade and environment issues in the context of a broad agenda for sustainable development, focusing on market access, trading opportunities for environmentally preferable goods and services, the promotion of sustainable use of biodiversity products and services, and the protection of traditional knowledge. Commodity trade was of key importance, and the international task force on commodities proposed as a partnership for UNCTAD XI was useful.

4. The representative of **Ireland**, speaking on behalf of the **European Union** and the **Central and Eastern European states associated with the EU, as well as Cyprus, Malta and Turkey**, referred to EU initiatives that cumulatively provided a range of market access opportunities for developing countries' exports. The reform in June 2003 by the EU of the Common Agricultural Policy (CAP) represented a significant policy shift towards non- or minimally trade-distorting forms of support to agriculture. It supported an effective and specific solution to the cotton issue. In market access negotiations for non-agricultural goods, the EU proposed a simple, single formula for all WTO Members, with built-in flexibilities for developing countries and sectoral initiatives for labour-intensive products of export interest to them. In services, the EU had taken particular account of developing-country interests in its offer of April 2003. It recognized UNCTAD's valuable role in services and in following up the Plan of Implementation of the World Summit on Sustainable Development and, more generally, in considering the linkages between trade, environment and development, including through the joint UNCTAD/UNEP Capacity Building Task Force.

5. The representative of **Senegal**, speaking on behalf of the **African Group**, noted that, notwithstanding an impressive increase in total world output, African countries had benefited the least. It was essential to improve their market access, especially by addressing tariff peaks and escalations affecting cocoa, coffee, oilseeds, fruit, hides and skins, and by eliminating domestic support and export subsidies. A satisfactory solution must be found to the commodities problem, including through follow-up to the "Report of the Meeting of Eminent Persons on Commodity Issues" (TD/B/50/11) and in dealing with anti-competitive market practices, sanitary and phytosanitary and environmental standards, antidumping measures, and non-tariff barriers. The liberalization of temporary movement of persons supplying services under Mode 4 was important. Outsourcing of services to developing countries had created new trading opportunities in Africa. The increased use of environmental requirements in developed countries was a key concern, as these inhibited penetration by African small and medium-sized enterprises (SMEs). UNCTAD should extend its Biotrade programme to Africa. Furthermore, donor countries should increase their financial contributions to UNCTAD's technical cooperation, including through JITAP and the Integrated Framework.

6. The representative of **Argentina**, speaking on behalf of the **Group of Latin American and Caribbean Countries** (GRULAC), said that market access and entry conditions for developing-country exports had not improved. It was also important to develop the productive capacities of developing countries. Liberalization of markets for services of export interest to countries in the region, including Mode 4, was called for. Environmental requirements should not compromise market access, particularly for the exports of SMEs. Doha negotiations on agriculture were critical and must include S&DT for developing countries. Effective and meaningful measures in the areas of S&DT, implementation issues, and small economies were important. The region was committed to bilateral and regional trading initiatives that were compatible with and favourable to the multilateral trading system. Their repercussions on development required deeper analyses by UNCTAD. The rich and intense discussion by the Trade and Development Board last October on the post-Doha, post-Cancún scenario was evidence of UNCTAD's useful contribution to consensus building. UNCTAD's analytical, technical and capacity-building assistance should be expanded. There was no regional programme on trade negotiations for Latin American and Caribbean countries, and UNCTAD should be supported in mobilizing resources for such a programme.

7. The representative of the **Islamic Republic of Iran**, speaking on behalf of the **Asian Group and China**, emphasized that the majority of Asian countries still faced considerable constraints in diversifying their export base. UNCTAD should strengthen its support to Asian countries to enhance their ability to participate in global supply chains and meet product requirements in export markets. It should also concentrate its analyses and technical assistance on the energy sector. Additional efforts

were needed to enhance the competitiveness of many countries in the region to take greater advantage of export markets for the information and communication technology (ICT), outsourcing and tourism sectors. Further opening of the financial sector should be fully compatible with countries' financial stability. More liberal commitments were required on Mode 4; improved access to information and distribution channels; and the gradual elimination of government support to services sectors. UNCTAD should assist developing countries with assessment of trade in services, implications of security measures, GATS rules, domestic regulation, and identification of market access opportunities and barriers. Environmental product standards were a concern. Developing countries must play a greater role in standard setting. New market opportunities could arise from environmental goods and services. UNCTAD's Biotrade programme should be expanded. Asian countries in the WTO accession process should not be subjected to terms of accession that were unduly onerous or based on non-trade concerns. UNCTAD should assist interested countries prior to and during their WTO accession process.

8. The representative of **Benin**, speaking on behalf of the **Least Developed Countries (LDCs)**, said that, despite continued liberalization, LDCs remained largely marginalized in international trade. LDCs should receive sufficient support from the international community with problems of foreign debt, alarming reductions in capital flows and official development assistance, persistent trade imbalances, protectionism in major markets for LDCs' exports, increasingly fluctuating and plunging commodity prices, the absence of productive capacities, distortions caused by production support and export subsidies to primary agricultural products, and tariff-related and technical barriers to trade. The development of services sectors would help the development of LDCs, and they should be provided with technical support in GATS negotiations. Mode 4 was a key priority. LDCs also attached importance to Agenda 21. SMEs of LDCs needed assistance in meeting environmental requirements. The LDCs appreciated the support of their bilateral and multilateral partners and requested them to intensify financing of UNCTAD's projects and programmes.

9. The representative of **Colombia** emphasized the importance of services trade liberalization under Mode 4 of GATS for developing countries, and the important distinction that Mode 4 did not have a direct link with migration. Service providers and temporary personnel were affected by new security restrictions (such as lengthy visa processing times), which greatly hindered international business exchanges. These restrictions must be studied to determine remedial measures, including binding agreements at the international level. An UNCTAD visa to facilitate the movement of persons supplying services had been discussed. Another important issue was the role of the consumer; this required further examination and consumers' fuller participation, including in the UNCTAD XI process.

10. The representative of **Argentina**, speaking as the **Chairman of the Committee of Participants in the Global System of Trade Preferences among Developing Countries (GSTP)**, highlighted the importance of South-South trade, which had represented 43 per cent of developing countries' exports in 2001. South-South trade growth stemmed not only from market forces and trade liberalization but also from focused policies and the reinvigorated regional and sub-regional economic integration processes of countries participating in the GSTP. This expansion was greater at the intra-regional level than at the inter-regional level. Consequently, there was a complementarity still to be fully exploited at the inter-regional level among developing countries, including through the GSTP. The impact of the GSTP could be improved if more developing countries joined the agreement. The Committee of Participants was examining the possibility of launching a new round of GSTP at UNCTAD XI. South-South trade did not occur in a vacuum but as part of the international trading system. Thus, certain policies and measures of developed countries should be proscribed, as they hindered the development of South-South trade. Analytical work by UNCTAD, as the secretariat for

the GSTP, should be enhanced. South-South trade should be discussed by UNCTAD's international machinery, and an expert group meeting should be convened on it.

Chapter II

Organizational matters

Opening of the session

11. The eighth session of the Commission on Trade in Goods and Services, and Commodities was held at the Palais des Nations, Geneva, from 9 to 13 February 2004. The session was opened on 9 February 2004 by Mr. Toufiq Ali (Bangladesh), President of the Commission at its seventh session.

Election of officers

12. At its opening plenary meeting, on 9 February 2004, the Commission elected its Bureau as follows:

President:	Mr. Dimiter Tzantchev (Bulgaria)
Vice-Presidents:	Mr. Enrique Manalo (Philippines) Mr. Yemi Dipeolu (Nigeria) Mr. Eduardo Varela (Argentina) Mr. Niklas Bergström (Sweden) Mr. Stefano Lazzarotto (Switzerland)
Rapporteur:	Ms. Ana Rocanova (Uruguay)

Adoption of the agenda and organization of work

13. At the same meeting, the Commission adopted the provisional agenda circulated in document TD/B/COM.1/60. Accordingly, the agenda for the eighth session was as follows:

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