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

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

Rapporteur: Ms. Dinar Henrika Sinurat (Indonesia)

Speakers:

Honduras for the Group of 77 and China
Thailand for the Asian Group

I. OPENING STATEMENTS

1. 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 UNCTAD'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 in the South's trade generally and in 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.

2. 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. Non-tariff barriers (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.

3. 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.

4. 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

spacing 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.

5. 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.

6. 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.

7. 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. Asian countries continued to face a number of difficulties in entering foreign markets, as a result of non-tariff barriers (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.

8. Services were essential for development, both for generating current benefits and 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.

9. 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.

10. 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 on South–South trade.

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