



**United Nations
Conference
on Trade and
Development**

Distr.
GENERAL

TD/B/COM.3/76
15 March 2006

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Commission on Enterprise, Business Facilitation and Development
Tenth session
Geneva, 21–24 February 2006
Agenda item 9

**REPORT OF THE COMMISSION ON ENTERPRISE, BUSINESS FACILITATION
AND DEVELOPMENT ON ITS TENTH SESSION**

Held at the Palais des Nations, Geneva,
from 21 to 24 February 2006

CONTENTS

Chapter	Page
I. Agreed recommendations adopted by the Commission at its tenth session	3
II. Opening statements	6
III. Improving the competitiveness of SMEs through enhancing productive capacity	14
IV. Efficient transport and trade facilitation to improve participation by developing countries in international trade	17
V. ICT and e-business for development	20
VI. Implementation of agreed conclusions and recommendations of the Commission	23
VII. Action by the Commission	26
VIII. Organizational matters.....	27
Annexes	
I. Provisional agenda for the eleventh session of the Commission.....	29
II. Agreed expert group meeting topics for 2006.....	30
III. Attendance.....	33

Chapter I

AGREED RECOMMENDATIONS ADOPTED BY THE COMMISSION AT ITS TENTH SESSION

Improving the competitiveness of SMEs through enhancing productive capacity

1. The Commission, in recognition of the important role of SMEs in employment generation, poverty reduction and sustainable economic growth, as recently reaffirmed by the World Summit in 2005, requests the UNCTAD secretariat to continue exploring successful policies to promote enterprise development in developing countries, including the combination of export orientation and active policies oriented to the supply side of the economy to promote investment, technology transfer, entrepreneurship and the consolidation of productive chains, so as to build and maintain the ability to compete successfully in international markets and create new and dynamic capacities to facilitate internal linkages between export-led growth and the domestic economy.

2. The Commission requests UNCTAD to undertake research and policy analysis and provide technical assistance and policy advice reflecting development needs and priorities of recipient countries to help build the enterprise sector and to enhance the supply-side capacity of developing countries in order to improve the competitiveness of SMEs, facilitate their participation in international value chains and enhance the potential development benefits from FDI. UNCTAD should carry out further work on enterprise internationalization with the aim of identifying replicable best practices for enhancing SME competitiveness, including through business linkages with foreign affiliates; a better integration into global value chains; and investing abroad. UNCTAD's important work in entrepreneurship capacity-building, in particular the EMPRETEC programme, should continue.

Efficient transport and trade facilitation to improve participation by developing countries in international trade

3. The Commission recognizes the need to assist developing countries, least developed countries, transit and landlocked developing countries to build capacities to design and implement trade and transport facilitation programmes based on the São Paulo Consensus, and UNCTAD should continue to:

(a) Monitor and analyse issues and developments relating to international transport and trade facilitation and their implications for developing countries, with a focus on the special situation of landlocked and transit developing countries and least developed countries, and the particular needs of their SMEs;

(b) Undertake comparisons of current practices in developing countries with international standards in international transport and trade facilitation; contribute to creating and strengthening institutional mechanisms in developing countries designed to integrate transport and trade facilitation into the development process;

(c) Undertake research and provide assistance to developing countries to participate in the trade facilitation and transport and logistics services negotiating processes, including in the context of the Doha Development Agenda;

(d) Provide technical assistance and capacity-building activities in the area of transport and trade facilitation, including on the use of automated systems such as ASYCUDA, to improve international trade and transport management; special attention should be paid to the improvement of transit arrangements for the landlocked and transit developing countries; and

(e) Cooperate with other international, intergovernmental and non-governmental organizations and other cooperative mechanisms in carrying out the work programme of the secretariat in the areas of international transport and trade facilitation.

ICT and e-business strategies for development

4. Considering the important contribution that the wider adoption and use of ICTs and e-business in developing countries can make to internationally agreed development goals, including those adopted at the Millennium Summit, UNCTAD should within its mandate:

(a) Carry out research and policy-oriented analytical work on the implications for economic development of the different aspects of ICT and e-business; particular attention should be paid to supporting the consideration of the trade and development dimensions of international discussions and negotiations pertaining to ICTs and e-business;

(b) Continue work in the field of ICT measurement, in cooperation with relevant statistical capacity-building bodies and programmes, and contribute to the partnership on measuring ICT for development to enable developing countries to measure the access, use and impact of ICTs, particularly in the area of e-business and development;

(c) Continue to provide a forum for international discussion and exchange of experiences on ICTs, e-business, their applications to promote trade and development and policies aimed at creating an enabling environment, at the national and international levels, for the information economy. In this regard, it should also provide technical assistance and undertake research to assist developing countries build their capacity to participate in the ongoing international processes relevant to ICT goods and services;

(d) In cooperation with other international organizations, and where appropriate non-governmental entities, contribute to capacity-building in the area of technology and ICTs for development in sectors of particular interest to developing countries;

(e) Further explore the potential benefit of free and open source software for developing countries, with particular attention to the needs of SMEs;

(f) Within the UN system-wide processes, take operational steps to play its part in support of the implementation and follow up of WSIS, giving priority to issues of greatest developmental impact;

(g) Ensure the development perspective of the *Information Economy Report* and include it as an integral part of the Commission's agenda for due consideration with the objective of facilitating consensus-building.

Chapter II

OPENING STATEMENTS

5. The **Secretary-General of UNCTAD** noted that globalization and liberalization, combined with rapid advances in ICT, called for new enterprise development strategies which took into account the role and potential interaction of the private and public sectors. A sound and business-friendly macroeconomic policy environment was a prerequisite for creating competitiveness, but developing countries must first develop institutional capabilities and the productive capacity of domestic SMEs. The São Paulo Consensus highlighted that coherent policy at the international level is also necessary to enable the integration of developing countries into the international trading system.

6. UNCTAD would continue to support the efforts of developing countries and economies in transition to build their enterprise sector and supply capacities, particularly those of SMEs. Countries also needed to build competitive advantages, invest in entrepreneurial and technical skills, and share risks among public and private institutions. Efficient local and central government, effective intermediary organizations were essential, as was the availability of support structures providing financial and non-financial services.

7. On the issue of trade facilitation, the Secretary-General noted that UNCTAD worked to help developing countries achieve and sustain a virtuous circle between development and the capacity of countries to implement trade facilitation measures. UNCTAD was monitoring the impact of increases in maritime freight rates on the competitiveness of developing countries' exports and is working to enhance understanding of existing transport-related legal frameworks. The needs of landlocked countries in the area of transit trade and transport were being addressed in the follow-up to the Almaty Programme of Action. The Secretary-General expected growing demand for UNCTAD work in the use of ICT applications for international transport and trade facilitation, which should help countries to participate actively in globalized production processes and international logistics networks.

8. Science and technology needed to be placed high on the UNCTAD agenda. ICT and e-business warranted special consideration as they were crosscutting issues and helped improve productivity and efficiency throughout the economy. The Secretary-General noted UNCTAD's contributions to the World Summit on the Information Society (WSIS), and said that the organization would remain actively engaged in this process. He also acknowledged UNCTAD's work over the years on key ICT-related business and trade issues affecting development, and the progress achieved in partnerships on free and open source software (FOSS) and on the statistical measurement of ICT. The latter was essential in order to give developing countries access to trustworthy data to design and assess their ICT policies.

9. **The Islamic Republic of Pakistan**, speaking on behalf of the **Group of 77 and China**, stated that it was important for substantive discussions during UNCTAD Commission sessions to yield substantive outcomes. On the substantive item of improving the competitiveness of SMEs, the G77 noted that SMEs played a crucial role in catalysing sustainable growth. The ultimate objective of trade liberalization was to raise the living standards of people, and should therefore be linked to industrialization. Governments should help SMEs overcome market failures such as

access to finance, information, technology and markets. The G77 encouraged UNCTAD to do more research on best practices for enhancing SME competitiveness through business linkages with foreign affiliates, as well as on the policy options available to developing countries.

10. On the issue of trade facilitation, the G77 noted that capacity-building was often the first step that needed to be taken to initiate the virtuous circle between development and the capacity to implement trade facilitation measures. For most developing countries, the cost of international transport was much higher than average import duties. In the context of WTO negotiations on trade facilitation, developing and least developed countries would require significant additional support for the implementation of commitments in trade facilitation measures. The G77 also indicated that the role played by ICTs in trade and transport facilitation deserved increased attention in UNCTAD's future programme of work.

11. It was essential for countries to integrate ICT into their development process, as they were crosscutting tools which could support their efforts to achieve the Millennium Development Goals. The Tunis phase of the World Summit on the Information Society (WSIS) had drawn attention to the growing impact of ICT on trade in goods and services and on the productivity of enterprises, to the supporting role of free and open-source software, and the role of e-business practices in specific economic sectors such as tourism. ICT development strategies must include policies and measures to increase the adoption of ICT across economic sectors, and statistical data was needed to evaluate them. The G77 wished to be kept informed of UNCTAD activities in the assessment of ICT usage in developing countries, particularly in the context of the Partnership on Measuring ICT for Development and its possible role in the follow-up to WSIS.

12. The representative of **Zimbabwe**, speaking on behalf of the **African Group**, noted that Africa's share in world trade had fallen over the years to a mere 2 per cent, mainly due to its dependence on primary exports. Africa needed to build a competitive export capacity by improving the composition of its exports and productive and supply capacities, especially as foreign direct investment (FDI) in African countries was inadequate. UNCTAD should carry out more research to help African countries shift away from FDI for the extraction of raw natural resources, towards strengthening their productive capacities downstream, thereby bringing added value to export baskets.

13. Many African countries faced serious constraints in enterprise internationalization and only a few of them were able to adopt outward foreign direct investment policies. UNCTAD should work further to find practical ways to overcome existing constraints, particularly with regard to the lack of insurance and exchange rate controls. It should also make market data readily available, recommend policy options, and intensify research on the supply capacities of African SMEs. The African Group commended the EMPRETEC programme for its activities in support of entrepreneurship capacity-building.

14. To overcome its shrinking share of global trade, Africa needed to overcome obstacles to its connectivity to the global economy and the international trading system, such as high transport and transit costs, as well as problems of poor infrastructure and network systems, particularly in landlocked countries. UNCTAD should therefore continue promoting efficient transport networks through tailored technical assistance, capacity-building, advisory services and analytical and research work.

15. UNCTAD was encouraged to pursue its work on multimodal transport law and to analyse the implications of ongoing developments for developing country trade. African countries needed UNCTAD assistance in the WTO negotiations on trade facilitation and looked forward to additional support activities. An UNCTAD study on the implications for developing countries of transport-related security measures was eagerly awaited.

16. ICT could potentially enable the development of trade, spur growth in developing countries and strengthen their supply capacity. Despite some African successes, ICT remained unaffordable, there was insufficient infrastructure and skills were rare. African countries had the lowest levels of access to, and usage of, ICTs and e-business adoption. At the same time, the New Partnership for Africa's Development (NEPAD) prioritized ICT as a tool for development, which could also contribute to reaching the Millennium Development Goals. A broader adoption of ICT and e-business in Africa could have a positive impact on the competitiveness of enterprises and overall economic performance; however, this first required a commitment to ICT strategies from governments and the private sector, as well as the support of the international community, through mechanisms such as Aid-for-Trade.

17. UNCTAD was urged to contribute to the implementation of the WSIS Tunis Agenda, particularly in e-business. The African group noted the positive impact of ICT on the tourism sector in its region and called on UNCTAD to continue expert meetings in the area of e-tourism. It also called for further work in e-strategies, free and open-source software, e-finance, e-commerce and related legislation. Africa's development partners were invited to provide resources to UNCTAD's undertakings in these areas.

18. **The representative of Sri Lanka**, speaking on behalf of the **Asian Group**, stressed that one of Asia's priorities was to promote SMEs as one of the available means of combating poverty. Additional research was needed on the impact of outward foreign direct investment on enterprise competitiveness and supporting policies, as well as on other forms of internationalization, such as business linkages and global value chains, and their impact.

19. Asia was one of the world's leading providers of international transport and logistics services; however, Asian LDCs and landlocked countries still needed UNCTAD to provide capacity-building and technical assistance in order to draw the benefits from these positive trends. This could be done, for example, by developing strategic facilitation clusters along routes connecting landlocked, transit- and sea-leg countries. UNCTAD should also continue to monitor and analyse legal developments affecting transportation and their implications on developing countries to enhance understanding of international legal frameworks for transportation. UNCTAD's assistance in the WTO trade facilitation negotiations was appreciated; however, the use of ICTs in trade facilitation deserved increased attention in UNCTAD's future work.

20. On ICT and e-business for development, the experiences of several Asian developing countries showed that national ICT policies and strategies could have a significant impact on the access to, and use of, ICT. Policies could be adopted to encourage the deployment of ICT infrastructure, raise awareness on ICT, promote the adoption of e-business, promote free and open-source software as a means to lower access costs, develop e-government services, enhance ICT skills in the workforce and remove regulatory barriers. Facilitating the access of SMEs to ICT, particularly by disseminating information and upgrading ICT skills, was particularly

important for Asian countries. Access policies, such as lowering costs or reducing inequalities among certain population groups, should be accompanied by measures to mainstream ICT in national development strategies in areas such as the delivery of services and creation of skills. Strong international cooperation and significant national efforts were needed in this respect.

21. The Asian group was keenly interested in ensuring the implementation of the outcome of the WSIS process. UNCTAD provided an excellent forum to exchange experiences and consider the progress made in areas within UNCTAD's mandate, such as the relationship between ICT and trade, enterprise and technology issues. UNCTAD was encouraged to continue producing policy-oriented work, information and analysis on ICT and e-business trends, such as the *Information Economy Report*. Such policy analysis needed to be complemented by capacity-building and technical cooperation, as reflected in the research on the statistical measurement of ICT.

22. **The representative of Guatemala**, speaking on behalf of the **Latin American and Caribbean Group (GRULAC)** expressed his hope that the Commission would formulate effective guidance for UNCTAD's work in identifying policies and support initiatives for enterprises as they were crucial to development.

23. Small- and medium-sized enterprises (SMEs) were important to employment in developing countries and the high percentage of SMEs in the informal sector was a major challenge for these countries. UNCTAD's work to build capacity and enterprise competitiveness was important, particularly in the context of the move towards a more formal economy and its related benefits. The UNCTAD secretariat should continue researching business linkages and best practices; the EMPRETEC programme could be of great benefit to enterprise development.

24. Obstacles impeding trade needed to be analysed against the background of the accelerated growth of global trade in recent years. GRULAC countries have made great efforts to reduce transit times at borders and points of entry and have actively contributed to the building of equitable rules in the course of the current round of WTO negotiations on trade facilitation. Technical assistance and capacity-building were crucial to the successful conclusion of ongoing negotiations and future implementation of agreements. UNCTAD's assistance should be strengthened during this last year of negotiations, in the form of workshops and technical material, and close collaboration with other organizations. UNCTAD could continue to play an important role in improving the access of developing countries to ICT applications in transport, customs automation, and trade transactions.

25. ICTs could contribute effectively to enterprise competitiveness, but required the adoption of national and international measures and strategies to create an enabling environment for the adoption of these technologies. UNCTAD should therefore pursue its research in support of government efforts to promote ICT use, for example, through the Information Economy Report. Statistical information on ICTs and their use by enterprises was required to inform decision-making and the formulation of coherent policies. This was a good example of practical activities through which UNCTAD could contribute significantly to improving the capacities of developing countries to formulate information society policies and assess their effectiveness. The Group expressed its interest in UNCTAD's activities on the Partnership on Measuring ICT for Development and its capacity-building and technical activities in the areas of statistical measurement of the information economy and ICT use by enterprises.

26. **The representative of Benin**, on behalf of the **least developed countries (LDCs)**, stressed the urgency of finding ways to strengthen and diversify the productive sector in developing countries and emphasized the importance of SMEs in the economic tissue of LDCs. Under certain conditions, the internationalization of enterprises could increase the productive and export capacity of developing countries. However, LDCs needed assistance to improve their institutional and structural capacities to attract productive investments, and their SMEs needed training to better face the challenges of globalization. Development partners should make long-term commitments to actions that would have a significant and lasting effect; these included technology transfer, financial support for the private sector, strengthening of national SME-support institutions, and the development of added-value products. An improved participation in international trade implied the elimination of technical obstacles, the improvement of supplies, stock capacities and product quality, as well as stronger and enlarged UNCTAD technical cooperation programmes, and special and differentiated treatment for the export products of LDCs.

27. The development of transport and communication infrastructure was important in facilitating LDC exports. LDCs relied on their development partners to finance infrastructure development which, in turn, played a role in attracting investments. LDCs faced serious difficulties in adapting their infrastructure to the increased security measures in international transport as they required important investments in equipment and human resources. In addition, landlocked LDCs urgently needed solutions to facilitate the transit of merchandise, including by simplifying administrative procedures. The use of ICT could help to reduce costs and increase transparency. Within the context of ongoing WTO negotiations in trade facilitation, it was important to determine the capacities of LDCs to implement measures and to tailor technical assistance programmes to reinforce existing capacities; LDCs were grateful to donors for their support to capacity-building activities in this area.

28. LDCs needed to increase their participation in international discussions which could have an impact on the development of ICT in their countries. The digital divide between developing and developed countries was still very large and LDCs would be marginalized if nothing was done to address this problem. UNCTAD should continue to help LDCs to remove obstacles to ICT access in economic activities.

29. **The representative of Austria**, on behalf of the **European Union (EU)** and with the support of Bulgaria and Romania, looked forward to hearing about the impact of secretariat activities from the perspective of the beneficiaries, the private sector and civil society. More attention needed to be given to African SMEs as they could also be integrated in global value chains through business linkages. Human resources were important for economic growth, the elimination of poverty and achieving the Millennium Development Goals. Sustainable business linkages were only possible through the participation of all stakeholders, namely governments, SMEs and transnational corporations. Collaboration with specific institutions and selective industrial policies may also be needed to cope with global integration; UNCTAD could cooperate with UNIDO to further such activities.

30. On the issue of trade facilitation, the EU was seeking WTO rules that would cut costs and bureaucracy. The EU was ready to accept special and differential treatment, possible exemptions, and technical assistance for LDCs and some other countries when commitments

related to these rules were too difficult to implement. Additional EU funds for development and trade-related assistance should become available in the future. If requested by the beneficiary countries, they could be directed at implementing WTO-related trade facilitation measures and building up trade infrastructure. The EU also pursued trade facilitation provisions in its bilateral and regional trade initiatives such as regional transit arrangements or the trade facilitation chapters of the Economic Partnership Agreements with ACP regions. The secretariat should also ensure internal cooperation in the organization of the Expert Meeting on Trade Logistics Services, a topic proposed by the Commission on Trade.

31. The EU welcomed and supported UNCTAD's work on ICT and e-business for development. UNCTAD should adhere to the WSIS outcomes and mandate and, whenever possible, should seek to build on partnerships and cooperate with other organizations, and only take on work within its mandate and competence.

32. The representative of the **Russian Federation** said that his country placed great importance to enhancing the competitiveness and strengthening the productive capacity of SMEs. Trends in internationalization showed that in certain conditions this process could enhance the production and export capacities of enterprises in developing countries by increasing their access to markets, enhancing management knowledge and adopting new technologies. This was particularly significant for countries in the process of joining WTO. UNCTAD should continue its important role in promoting the transport sector and simplifying trade procedures, through the organization of expert meetings and research. UNCTAD should continue to promote ICT policies, free and open source software, and cooperate with other organizations. The Russian Federation looked forward to continued cooperation with UNCTAD in all these matters.

33. The representative of **India** attached great importance to the work of UNCTAD's Commissions, which formed an integral part of its intergovernmental machinery and consensus-building activities, and hoped that substantive discussions would lead to substantive development-focused outcomes.

34. The representative of **Colombia** said that the SME system was still too small to constitute a solid base for economic growth, and that efforts were still needed to increase the numbers of innovative enterprises, research groups and technological centres. It was important to foster an environment that would make entrepreneurship attractive and rewarding, thereby promoting technological knowledge and education. Technological education was needed for developing countries to be successful in a globalized economy.

35. Developing countries should not accept the transfer of tired and obsolete technology, but should work together and with international organizations, including UNCTAD, to develop policies to promote original and added-value technologies. A balance was needed between increased private and public investments in science and technology for development. Limited resources were distributed among many small projects, when they should be increasingly directed to larger projects that attract technological innovation. Governments should try to create more innovation-friendly business environments by, among others, fostering market opportunities, an adequate legal framework and innovation policies.

36. The representative of **China** agreed that the internationalization of SMEs could be an effective way of enhancing the competitiveness of developing countries. China hoped that

UNCTAD would further strengthen its work in this field and carry out focused studies, technical assistance, and policy recommendations, which would take into account the specific situations of different countries. A number of measures had been taken to create an enabling environment to support the development of SMEs, which had become an important force in China's economic growth and system reform; China therefore looked forward to an in-depth exchange of views and cooperation on measures to support SMEs. Also on the issue of trade facilitation as an engine for development, due attention needed to be given to the different development patterns and levels of countries; UNCTAD should analyse the various barriers in trade and increase technical assistance and capacity-building in developing countries accordingly. In the context of WTO negotiations on trade facilitation, priority needed to be given to financial and technical assistance to developing countries and LDCs in order to better enable them to implement commitments. China facilitated trade through measures including improved legislation, customs procedures, enhanced transparency, and promoting business contacts. It has also actively promoted interregional trade facilitation in the Greater Mekong region through a strategic framework of action, and has reached an agreement on transit transport with Mongolia and Russia.

37. It will not be possible to achieve a true globalization of e-business without the full participation of developing countries. The international community was duty-bound to help developing countries develop their e-business and bridge the gap of weak ICT infrastructure and insufficient ICT skills. The organization of policy dialogues and study of ICT applications and e-business were appreciated; it was to be hoped that they would be further strengthened, and that technical assistance and capacity-building would be carried out. E-business and the use of ICT were important in the promotion of industrialization. A series of facilitating measures have already been implemented and have resulted in an incipient regulatory framework, more infrastructure, more Internet and broadband users, and increased e-business transaction values. China looked forward to assistance from, and strengthened cooperation with, UNCTAD in the area of e-business.

38. The representative of **Cuba** stressed that indiscriminate liberalization had led to more poverty, and that economic and trade policy should instead contribute to eliminating poverty and increase social equity. There was still no clear solution to the main obstacles for SMEs to access international markets; management systems were needed to ensure product and service quality, competitive costs, and the constant acquisition of market and technological knowledge.

39. Developing countries could still not aspire to full-fledged Internet use due to the lack of existing infrastructure, resources and skills. To address this problem, Cuba introduced computer education, including in rural areas, and has promoted community access to technologies, such as Cuba's computer clubs and accounting centres; the latter provided information, accounting, and other management advisory services to SMEs. Indicators on SME ICT training and skills and shared use of technologies should be made available to assess progress. The cost of Internet connectivity was an obstacle to ICT adoption in developing countries because connection costs had to be paid for traffic in both directions. South-South cooperation in technology transfer should also be addressed, based on the success stories of some countries. In collaboration with other agencies, UNCTAD should also prepare e-commerce assistance packages that could include capacity-building, support material and software. Cuba would be willing to collaborate with and provide its expertise in such activities.

40. The representative of **Nigeria** said that Africa's de-industrialization and marginalization in world trade were due to worsening terms of trade, an over-reliance on primary commodities, and a lack of competitiveness in manufacturing. Efforts to enhance Africa's productive capacity through SMEs had been hampered by a lack of technology, low capital formation, and some government policies. He commended UNCTAD for its efforts to unlock the gridlock on Africa's industrial potential. To support the internationalization of SMEs through OFDI, Nigeria had started to consolidate its banking and insurance industries in order to become major players in the mobilization of capital in Africa. UNCTAD's efforts to strengthen transport and trade facilitation in the continent have had a real impact, and UNCTAD assistance was still needed to build the capacity of e-business in Africa.

Chapter III

IMPROVING THE COMPETITIVENESS OF SMEs THROUGH ENHANCING PRODUCTIVE CAPACITY

(Agenda item 3)

41. Globalization and liberalization, combined with rapid advances in ICTs, have created new dynamics of production, enterprise development and international competition. These developments called for a new approach to enterprise development addressing the interaction among the various factors underpinning the growth and competitiveness of enterprises. Countries now needed to formulate enterprise development strategies which take into account the interaction between the private and public sector.

42. The experiences of individual countries in shaping enterprise competitiveness policies varied considerably. Asia encompassed a great diversity of conditions but a number of regional developing countries had succeeded in boosting their economies under new international rules and transforming many domestic enterprises into global players. China's emergence in the global economy was an international phenomenon based on the emergence of a pan-Asian production system, in which advanced components and capital goods came from Japan, the Republic of Korea and Taiwan, Province of China; other components and inputs came from South-East Asian countries. Final assembly took place in China, and the logistics was coordinated in places such as Hong Kong (China) and Singapore.

43. These developments have had a major influence on SMEs worldwide. Many developing countries' enterprises were finding it increasingly difficult to compete with this new 'pan-Asian production system', which combined the region's low labour costs, proven work efficiency, good infrastructure, world-class technology, excellent management practices, considerable financial resources, important economies of scale and extensive linkages to the global economy. The rise of Asian economies also created new potential markets and firms were now finding ways to export their goods to these promising new markets, thereby creating substantial growth opportunities.

44. To meet this challenge, developing country enterprises needed to rethink their strategic positions. Gaining a position in global value chains had become more important than ever. There was an urgent need for government support to avoid polarization between large key players and small local suppliers for the latter to capture productivity gains and increase the value added of the operations performed.

45. Strengthening SMEs should not be considered as an objective *per se*, but as a tool to strengthen the economy by enhancing enterprise productivity level. Productivity drivers could be found at the macroeconomic level, with infrastructure and regulatory framework playing a key role. At the microeconomic level, the sophistication of company operations and the quality of business environment should form an integral part of every country-specific competitiveness strategy. Within this context, cluster initiatives could play an important role in increasing the effectiveness of competitiveness promotion policies, provided they were adapted to the specific circumstances of developing countries. Cluster initiatives also, among others, allowed for a greater return on investment of scarce resources; they were geared to a more holistic approach

than policies focused on individual firms; and lastly they could be targeted at areas with the highest growth potential for SMEs in developing countries. Clusters could also stimulate greater interaction and spillovers from one firm or industry to another. A proposal was made on exchanges of good practices of cluster promotion programmes in developing countries.

46. Internationalization was an important means of enhancing SME competitiveness. It includes strategies addressing general structural weaknesses and specific measures to promote international production networks through outward foreign direct investment (OFDI), strategies to attract quality FDI and enhance the local supply capacity by establishing sustainable and mutually beneficial TNC-SME linkages.

47. The "*Report of the Expert Meeting on Enhancing the Productive Capacity of Developing Country Firms through Internationalization*" (TD/B/COM.3/EM.26/3) was presented by the Chairman of this meeting (Geneva, 5-7 December 2005). The report noted that firms from developing countries, large enterprises and SMEs, were increasingly internationalized through OFDI, which were aimed at improving their competitiveness and efficiency. OFDI provided a greater opportunity for strengthening South-South cooperation as the bulk of such investments went to other developing countries, and strengthened North-South relations.

48. The Commission heard examples of some developing countries which had recognized the benefits of OFDI and were encouraging their firms to go abroad by providing institutional support, information and fiscal incentives, liberalizing their policy environment, simplifying approval procedures, undertaking overseas investment missions providing assistance in business planning and development, skills upgrading, market and brand development, and in establishing linkages with TNCs.

49. There were certain conditions for successful internationalization by firms from developing countries. Given the risks involved, an incremental approach to internationalization would be prudent. A sound corporate base with strong economic fundamentals was a necessary prerequisite before attempting expansion abroad, as was the adoption of an appropriate sound business model and strategy. The use of risk mitigation mechanisms, facilitation of exchange of experiences, adoption of appropriate policy and institutional support are important. Such enterprise internationalization could also be promoted through research and analysis, especially on the impact of OFDI on the competitiveness of domestic enterprises and on home countries; awareness-raising efforts to help developing countries governments and businesses become aware of how they can increase the potentially beneficial impact of internationalization and to minimize its detrimental effects; capacity-building programmes such as "the making of global and regional players" to share experiences of firms and countries on enterprise internationalization; data collection and assistance in policy advice and capacity-building.

50. The owner of an SME in Uganda presented his company's successful internationalization to neighbouring countries. The main benefits of internationalization for this SME included market expansion, increased profitability, and exposure to, and confidence in, regionalization and internationalization. Developing country firms should adapt to competition and seize the opportunities offered by regional integration and globalization in order to survive. Staying at home while competition increased both at home and abroad was no longer an option. In doing so, it was important that SMEs focused on niches in different markets. Adequate

policies to support OFDI, as well as mentorship and capacity-building programmes, could help enterprise internationalization efforts.

51. Discussions on enterprise internationalization through business linkages were facilitated by a secretariat issues note on "*Promoting TNC-SME Linkages to Enhance the Productive Capacity of Developing Countries' Firms: A Policy Perspective*" (TD/B/COM.3/75).

52. Establishing and deepening sustainable and mutually beneficial linkages between SMEs and TNCs called for a systemic policy approach, which combined the different levels of policy interventions and addressed FDI and SMEs. Good linkage policies should combine mandatory requirements, encouragement measures and partial deregulation. A range of actors, including home and host country governments, the domestic private sector, and the international community were urged to play an active role in using FDI for the benefit of SMEs in developing countries.

53. A number of case studies were presented: the first suggested that FDI in Mexico had played a very important role in supporting industrialization, expanding export capacities, and helping the modernization of productive capacities. The beneficial impact of FDI had neither been immediate nor automatic. The Mexican Government had been very active in benchmarking and upgrading the performance of domestic SMEs (i.e. in the supplier development programme carried out in the Guadalajara electronic cluster) to become suppliers of large TNCs. A series of 'Centros de Articulación Productiva (CAPs)' were created to encourage domestic sourcing and strengthen the participation of domestic companies in global value chains.

54. A range of successful measures supporting SMEs had been introduced in South Africa to develop the SME sector and promote entrepreneurship. However, the impact of government measures was constrained by factors such as a weak skills base, a heavy regulatory burden, the negative effects of Apartheid, scarce access to finance and low level of domestic growth. Institutional alignment, information sharing and cooperation among TNCs, local business, governments and other institutions, and provision of accessible services to local SMEs seeking to build relationships with large TNCs were essential when promoting business linkages.

55. In the case of Uganda, it was argued that Africa had not only received a limited amount of FDI in absolute values, but also low quality FDI. Africa had yet to benefit fully from positive spillover effects. On the SME side, there was a general lack of adequate institutional and support frameworks, and as a result, privatization policies had not resulted in increased SME competitiveness. In the case of Brazil, it was argued that the creation of a public structure to promote linkages should be supported by further and deeper analysis of the needs of SMEs, and the relationships and potential synergies between corporate policies and the development of linkages.

Chapter IV

EFFICIENT TRANSPORT AND TRADE FACILITATION TO IMPROVE PARTICIPATION BY DEVELOPING COUNTRIES IN INTERNATIONAL TRADE

(Agenda item 4)

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

“Efficient transport and trade facilitation to improve participation by developing countries in international trade” (TD/B/COM.3/72);

“Report of the Expert Meeting on Trade Facilitation as an Engine for Development” (TD/B/COM.3/EM.24/3);

“Trade Facilitation as an Engine for Development” (TD/B/COM.3/EM.24/2).

Chairperson’s summary

57. The Chairperson of the Expert Meeting on Efficient Transport and Trade Facilitation to Improve Participation by Developing Countries in International Trade presented the main findings of the Meeting (TD/B/COM.3/72). The experts considered emerging issues in trade and transport facilitation and agreed on elements that can hinder trade, including the multiplicity of transport-related regulations and the lack of insurance and burdensome bureaucracy. Reducing bureaucracy was important for the ‘Single Window’ initiative which, among other things, involved the simplification of trade-related documentation. Experts concurred that trade facilitation involved immediate costs and delayed benefits and reported on positive experiences in the developing world. Upgrading physical infrastructure and training of local agents – especially on standards, norms and regulations – are essential. Countries needed to move toward trade facilitation given its impact on competitiveness of international trade, foreign direct investment, fiscal revenues and its potential benefits for the public and the private sectors.

58. Facilitation of trade and transport required further integration of SMEs and a role for regional integration. UNCTAD is expected to continue providing technical assistance in training and new technology. The Chairperson concluded that the time was now right to generate new methods of assisting developing countries, such as the Aid-for-Trade programme.

59. Trade facilitation should be considered in a comprehensive framework for development supported by transport infrastructure and ICT. UNCTAD’s initiative in support of transit and landlocked countries was important and extensive institutional efforts and human capacities were required to implement trade facilitation measures. Technical and financial assistance with a clear timetable and a mitigation of adjustment costs were necessary. Another delegate stressed the need for building intermodal synergies and adopting modal shift strategies to ensure an integrated transport planning. Developing countries should draw from the experience of the EU’s ‘Marco Polo’ programme. A delegate offered views on how to establish efficient intermodal linkages with maritime transport at the centre. These included, among others, taking stock of the current

modal share situation and correcting imbalances; building requisite infrastructure and exploring efficient bilateral linkages among all feasible modes on most-favoured nation (MFN) terms. The delegate concluded that cooperation of member countries with UNCTAD in this area should be explored.

60. The World Customs Organization (WCO) provided an overview of the mechanisms to encourage enhanced use of ICTs in Customs operations. As economies develop and become outward-oriented, new taxes arise, duty rates are reduced and Customs becomes increasingly involved in new areas such as enforcing intellectual property rights, controlling crime and facilitating trade and transport. In light of current trends in trade, transport and security environment and the role of trade and transport efficiency in attracting FDI, WCO was increasingly encouraging its members to adopt ICTs. The speaker provided examples of mechanisms adopted by the WCO to promote ICTs use among members. He listed the core principles of the revised Kyoto Convention, highlighted the important role conferred to ICT in modernizing Customs operations and offered examples of ICT applications in Customs.

61. The WTO described the current status of negotiations on trade facilitation and the outcome of the Hong Kong Ministerial Declaration. The speaker noted that the proposals involved a broad mix of developed and developing countries, text-based proposals still needed to be prepared in view of the draft legal text to be submitted by July 2006. The pressing issues calling for immediate action included providing further assistance to developing countries in identifying their needs, priorities and gaps, and improving their understanding of the cost implications and the appropriate sequencing of measures. Upcoming capacity-building workshops will be held in various regions, with UNCTAD participation. A call was made for more assistance from donor countries, other international organizations and the private sector.

62. A speaker from Egypt presented his country's experience and underlined the importance of trade facilitation as a vehicle for development attracting FDI and fostering enterprise growth. Trade facilitation was particularly important for SMEs, especially in light of emerging security requirements. As illustrated by recent proposals at the WTO, efforts in the current year will be heading towards achieving progress on technical assistance and capacity-building. Developing countries need to have a better understanding of how commitments related to technical assistance and capacity-building. New sources to finance the outcome of the negotiations should be identified and new forms of special and differential treatment (S&D) should be considered. It was also essential to draw from the positive experiences of developing countries in trade facilitation, public private partnerships and further cooperation among relevant international organizations, including UNCTAD.

63. One delegate recalled some of the challenges faced in making technical assistance available to all countries and suggested that distance learning should be considered when building capacity in trade facilitation. Such innovative means would ensure that technical assistance and capacity building are accessible to a wider membership.

64. Delegations reiterated the importance of trade facilitation for development and the challenges faced by countries involved in trade facilitation efforts. One delegate noted that developing countries needed to identify their needs and priorities to enable their effective participation in WTO negotiations. While trade facilitation benefited large corporations and

SMEs alike, trade facilitation measures were costly and usually borne by governments. An appeal was made to UNCTAD, WCO, the World Bank and other organizations, to continue helping developing countries identify their needs and priorities and implement ensuing commitments. Another delegate recognized UNCTAD's role in the WTO negotiations in ensuring that developing countries concerns were taken into consideration. Apart from technical assistance and capacity-building, UNCTAD was expected to assess benefits and implementation costs associated with the WTO proposals.

Chapter V

ICT AND E-BUSINESS FOR DEVELOPMENT

(Agenda item 5)

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

“ICT and E-Business: Selected Trends and Issues on the ICT for Development Agenda” (TD/B/COM.3/74);

“Report of the Expert Meeting on ICT and Tourism for Development” (TD/B/COM.3/EM.25/3);

“ICT and Tourism for Development” (TD/B/COM.3/EM.25/2).

Chairperson’s summary

66. Introducing the item, the Officer-in-Charge of the SITE division described UNCTAD's contribution to international discussions on ICT and e-business, including in the context of the World Summit on the Information Society (WSIS). In reply to a question on UNCTAD's cooperation with the UN World Tourism Organization (UNWTO) in the field of e-tourism, he recalled that in November 2004 UNCTAD and UNWTO proposed to establish a UN tourism network aimed at clarifying coordination and promoting international cooperation in this field. A common agreed scheme for this network was to be submitted to the High-Level Committee on Programmes in February 2006 and presented to the Chief Executive Board in April 2006.

67. The Chairperson of the Expert Meeting on ICT and Tourism for Development presented the report of that meeting. He highlighted the challenges, opportunities and implications of e-tourism and e-business solutions for an increased participation of Destination Management Organizations (DMOs) and tourism enterprises from developing countries in tourism markets. Experts proposed to continue sharing technical, marketing and strategic solutions in this field. Two proposals requiring few resources have been proposed, namely: a) the creation of a web portal, and b) the dissemination of best practices by means of the newsletter ‘DMO World’.

68. In the ensuing discussion the need for DMOs and tourism enterprises to adopt and implement without delay effective ICT solutions and strategies was stressed. A delegate suggested that UNCTAD's future e-tourism platform could integrate functionalities that would expedite immigration procedures for tourists.

69. A presentation by the secretariat described the possible role of the ICT and E-Business Branch in the context of the WSIS implementation and follow up. This would take into account the WSIS outcome documents and the value added by UNCTAD in specific domains, including capacity building, the creation of an enabling environment for the information economy, the development of e-commerce and e-science.

70. The President of the Tunis phase of the WSIS PrepCom presented his views on the outcome of WSIS. Speaking in his personal capacity, he explained that WSIS implementation

and follow up should not only integrate implementing decisions and actions by all stakeholders, but also evaluation and review mechanisms, and policy debate. He underlined the need to integrate ICT into national development programmes, the role of UN Commissions and the need to follow up activities in line with the GA resolution 57/270B. There was also a need for coordination of post-WSIS activities between all relevant programmes and agencies through the creation of a possible Information Society Group. He stressed the need for UN actors to avoid rivalry in the post-WSIS process. He proposed three main action lines in which UNCTAD could be involved following confirmation by the Trade and Development Board, namely: the development of ICT indicators, capacity-building, and the development of ICT applications on e-business and e-science.

71. A panel on selected issues in the context of WSIS follow-up began by addressing the economic impact of ICT and web services technologies, in particular. Web services allowed automated interaction over the Internet between computers managing different business processes. Such interaction could happen between different companies and without human input. Services architecture had to be based on open protocols, which have already been established for the description of web services, the interface and the registry of services. The next step was the development and standardization of the business logic enabling such interaction. As web services allowed for the distribution of work among multiple workstations and were available through the Internet, they helped create a "global factory", fostering the global mobility of production factors. The challenge for developing countries was to: a) overcome the lack Internet infrastructure and skills; and b) being able to compete in an environment where trust and branding are essential.

72. Another panellist emphasized the importance of providing policymakers with reliable data on the economic and social impact of new technologies. Data scarcity in developing countries had spurred the creation of the Partnership on Measuring ICT for Development. The Partnership had conducted a global stocktaking of collected ICT indicators, agreed on a list of core ICT indicators and methodological guidelines, and carried out several workshops. Future plans included contributing to the measuring efforts called for in the Tunis Agenda for the Information Society, namely: the periodic evaluation of the implementation of the WSIS outcomes (paragraphs 112-119), statistical capacity-building of developing countries (paragraph 118) and the monitoring of the digital divide (paragraph 119).

73. The UNCTAD secretariat presented its activities regarding national ICT strategies. UNCTAD had contributed to awareness-raising, offered policy advice through its annual E-Commerce and Development Reports and provided assistance on two crosscutting issues: (a) the establishment of an enabling legal environment, through its TrainForTrade course on legal aspects of e-commerce; and (b) the measurement of the impact of ICT policies. Finally, the forthcoming *Information Economy Report* would propose a framework for ICT policy review.

74. Another panellist spoke about electronic credit information as an instrument to improve SMEs access to finance. SMEs were usually at a disadvantage in obtaining loans and trade credit mainly because of their lack of performance records. Enhanced credit information led to a more stable financial sector and allocation of capital, and thus to less risk and better conditions for economic growth. Public-private partnerships to develop credit information had a great potential to ease the access of SMEs to credit, and ICT could facilitate these partnerships. In Thailand, for example, a partnership between the Ministry of Commerce, the Ministry of Justice and the

private sector used Internet-based systems to fill credit information gaps, resulting in the online availability of the credit profiles of more than 700,000 companies.

75. On the subject of FOSS policies, the secretariat presented UNCTAD's recent work to raise awareness among policymakers, to promote a multi-stakeholder debate on FOSS policies and to develop FOSS capacities at the level of policymakers.

76. The *Information Economy Report* and its linkages with the Commission's policy dialogue on ICT and e-business for development was also discussed. A delegate suggested that the coverage of some topics could be expanded, including the discussion on connectivity, the analysis of statistical data, the role of international ICT strategies and international cooperation, as well as trade agreements related to ICT services and goods.

Chapter VI

IMPLEMENTATION OF AGREED CONCLUSIONS AND RECOMMENDATIONS OF THE COMMISSION

(Agenda item 6)

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

“Progress report on the implementation of the agreed recommendations of the Commission at its ninth session” (TD/B/COM.3/73).

The secretariat supplemented the information in the report with a presentation and commentary on each substantive agenda items.

Chairperson’s summary

78. In the field of enhancing the competitiveness of SMEs through enhancing productive capacity, the secretariat reported on its continuing policy analysis work through the Expert Meeting whose report was presented to the Commission, through national seminars, and through a series of country case studies on internationalization of SMEs through OFDI. Participants in the expert meeting expressed their strong satisfaction of the substantive debates that took place. The secretariat also conducted a series of country case studies on best practices in the promotion of business linkages from a policy perspective. The secretariat also noted the ongoing OECD-UNCTAD research project which was expected to yield policy recommendations on how to increase the participation of developing country SMEs in global value chains.

79. In response to the recommendation to continue technical assistance and capacity building for an SME-conducive environment, the secretariat informed the Commission on EMPRETEC progress. The programme's presence was consolidated in Latin America, Anglophone and Francophone Africa, and there was a project proposal to initiate it in South and South-East Asia. UNCTAD organized the twelfth EMPRETEC Directors' Meeting, where sustainability and impact assessment were core issues, and which stressed the need for further UNCTAD support in strategies, quality assurance, networking and training. A planned EMPRETEC assessment project, which should become part of regular follow-up, would reflect the programme's impact on SME development, the effectiveness of the centres, and identify positive entrepreneurial changes as a result of the training. Finally, the secretariat referred to the UNCTAD business linkages programme and toolkit. The former had begun in Brazil and Uganda, and there was a potential for the programme to be extended to Viet Nam and Ethiopia.

80. The secretariat reviewed and monitored developments related to efficient transport and trade facilitation to improve participation by developing countries in international trade. It reported on these developments through its annual *Review of Maritime Transport*, the quarterly *Transport Newsletter*, documentation and training material, and international, regional and national seminars. The secretariat also organized the Expert Meeting on Trade Facilitation as an Engine for Development, whose report was presented to the Commission. The secretariat also reported on its assistance to developing countries in the ongoing WTO negotiations on trade

facilitation, financed by Sweden and Spain through the apposite trust fund. Such assistance consisted of twenty technical notes on tabled trade facilitation measures, the organization of four regional workshops including Geneva-based delegates, participation in five WTO regional workshops, and the organization of two roundtables for groups of countries. UNCTAD also hosted a GFP meeting and an interagency meeting on trade facilitation.

81. The secretariat provided technical assistance and capacity-building in transport and trade facilitation through the continued update and implementation of ASYCUDA. It also targeted activities to LDCs on the identification of needs and priorities and on the establishment of trade facilitation platforms. The secretariat continued to support the development of transit transport-related arrangements in the framework of the development account project on trade and transport facilitation for landlocked and transit developing countries. The Commission was also briefed on continued work on the Afghanistan, ECO and Pakistan projects on transport and trade facilitation. UNCTAD monitored the impact of security measures in maritime transport and had prepared related technical documents for the benefit of developing countries; it had also launched a large-scale survey on the experiences and views of parties affected by the new maritime security regime. Finally, the secretariat continued its close cooperation with UNCITRAL by actively contributing to their work on the preparation of a legal instrument on transport.

82. UNCTAD also reported on its continued research and policy-oriented analytical work on the implications for trade and development of the different aspects of ICT and e-business. The main vehicle for the dissemination of this work was the *Information Economy Report* (IER), which included chapters on ICT indicators for development and trends, on international Internet backbone connectivity, on e-finance, e-tourism, and on ICT security issues. The ICT and E-Business Branch of the secretariat was the focal point for the WSIS process, and as such provided a forum for the international discussion and exchange of experiences concerning ICT, e-business and their applications through several activities. These included the organization of two thematic meetings on the economic and social implications of ICT and on measuring the Information Society, and a WSIS Phase II panel discussion on FOSS. UNCTAD also was involved in the UN ICT Task Force and the Global e-Policy Resource Network (ePol-Net).

83. There was significant progress in the work on ICT measurement in the framework of the UNCTAD XI Partnership on Measuring ICT for Development. A core list of ICT indicators was agreed upon and published at WSIS Tunis during a WSIS side event on the subject. The results of a stocktaking exercise on the global status of ICT indicators were also published. UNCTAD made substantive contributions to regional capacity-building workshops in West Asia, Africa, Latin America and the Caribbean, and provided advisory services to individual countries through national workshops and meetings. The secretariat also completed its second annual survey on ICT business indicators, which fed into the IER, and worked to develop its Measuring ICT website and database. Finally, UNCTAD contributed to capacity-building in ICT for development through activities on e-tourism and FOSS. It further developed the UNCTAD e-Tourism Initiative and website, delivered a TrainForTrade module on e-tourism, organized the Expert Meeting on ICT and tourism for development, and organized a WSIS Tunis parallel event on e-tourism. The secretariat also established two partnerships on capacity-building on FOSS with Brazil and with Novell, and delivered training on FOSS through the paragraph 166 courses.

84. Some delegates enquired how the secretariat ensured that research work on ICT and e-business kept its development focus and relevance for developing countries. The secretariat referred delegates to the IER, which always included information from developing countries, and each chapter contained policy and practical recommendations directed to developing countries. The IER's new name better reflected the many ways in which ICT were being increasingly used in the productive process and in value chains. A delegate suggested that ways should be found to forge even closer links between the Commission's agenda and the policy issues raised in the IER, so that consensus-building could benefit from the conclusions of the report. One way would be to issue the IER publication as close as possible to the date the Commission was held. He also suggested that UNCTAD should play a role in the creation of the virtual forum on information society financing, as recommended by the Tunis Agenda of the Information Society (paragraph 27.g.); the secretariat indicated that work on such a forum would best be undertaken by other organizations.

85. A question was raised on how the secretariat conducted assessments of its work enterprise, business facilitations and development. Regarding work on SME competitiveness, the secretariat offered the example of the EMPRETEC assessment project, and recalled the positive feedback received from beneficiaries such as Uganda. In the case of trade facilitation, the success of programmes such as ASYCUDA was reflected in the continued requests from beneficiaries, most of whom were prepared to pay for implementation. Very positive feedback was also received on the *Information Economy Report*, which was increasingly becoming a reference for developing countries on ICT policy debates.

Chapter VII

ACTION BY THE COMMISSION

86. At its closing plenary meeting, on 24 February 2005, the Commission adopted its agreed recommendations on agenda items 3, 4, 5 and 6 (see chapter I above). In that connection, it took note of the reports of the expert meetings contained in documents TD/B/COM.3/EM.24/3, TD/B/COM.3/EM.25/3 and TD/B/COM.3/EM.26/3. It also took note of the secretariat's progress report on the implementation of the agreed recommendations of the Commission at its ninth session (TD/B/COM.3/73).

87. At the same meeting, under agenda item 7, the Commission approved the provisional agenda for its eleventh session (see annex I below), as well as the topics for expert meetings for 2005 (see annex II below).

Chapter VIII

ORGANIZATIONAL MATTERS

A. Opening of the session

88. The tenth session of the Commission on Enterprise, Business Facilitation and Development was opened at the Palais des Nations, Geneva, on 21 February 2006, by Mr. Peter Fröhler, Officer-in-Charge, Division for Services Infrastructure for Development and Trade Efficiency (SITE), UNCTAD.

B. Election of officers

(Agenda item 1)

89. At its plenary meeting, on 21 February 2006, the Commission elected the following officers to serve on its Bureau:

Chairperson:	Mr. Iouri Afanassiev (Russian Federation)
Vice-Presidents:	Ms. Dinar Sinurat (Indonesia) Mr. Emmanuel Farcot (France) Ms. Melissa Kehoe (United States of America) Mr. Julio Vasquez Roque (Cuba) Mr. El Mostafa Ait Amor (Morocco)
Rapporteur:	Mr. Amr Aljowaily (Egypt)

C. Adoption of the agenda and organization of work

90. At the same meeting, the Commission adopted the provisional agenda circulated in document TD/B/COM.3/71. Accordingly, the agenda for the tenth session was as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Improving the competitiveness of SMEs through enhancing productive capacity
4. Efficient transport and trade facilitation to improve participation by developing countries in international trade
5. ICT and e-business for development
6. Implementation of agreed conclusions and recommendations of the Commission
7. Provisional agenda for the eleventh session of the Commission
8. Other business
9. 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

91. At its closing plenary meeting, on 24 February 2006, the Commission decided that the Chairperson's summaries on items 3, 4, 5 and 6, should be incorporated into its report. It authorized the Rapporteur to complete the report in the light of the proceedings of the closing plenary.

Annex I

**PROVISIONAL AGENDA FOR THE ELEVENTH SESSION OF
THE COMMISSION**

1. Election of officers
2. Adoption of the agenda and organization of work
3. Improving the competitiveness of SMEs through enhancing productive capacity
4. Efficient transport and trade facilitation to improve participation by developing countries in international trade
5. ICT and e-business for development
6. Implementation of agreed conclusions and recommendations of the Commission
7. Provisional agenda for the twelfth session of the Commission
8. Other business
9. Adoption of the report of the Commission to the Trade and Development Board

Annex II

AGREED EXPERT GROUP MEETING TOPICS FOR 2006

Theme 1: Improving the competitiveness of SMEs through enhancing the productive capacity

Topic: Best practices and policy options in the promotion of SME-TNC business linkages

1. Data show that in developing countries, only a limited number of SMEs (less than 10 per cent) are well prepared for the new conditions and the increased competition of the global markets. Internationalization is one of essential ways for strengthening the competitiveness of developing country firms. Coherent effort and systemic policies and measures are required to facilitate an upgrading of domestic productive capacities through internationalization that includes strategies such as SME-TNC business linkages, integration into global value chains, investing abroad.

2. An emerging opportunity to reap the potential benefits of global trade is represented by the establishment of business linkages between SMEs and foreign affiliates. These linkages may represent the way for the SME segment with highest growth potential to enhance their competitiveness by improved access to a series of critical missing resources, the most important of which are access to international markets, finance, technology, management skills and knowledge.

3. Host developing country authorities have an essential role to play in making sure that mutually beneficial linkages are established, and that the positive impact of FDI on the local productive capacity is enhanced. In this respect, there is the need to undertake further work in order to identify international best practices and policies in the promotion and implementation of business linkages and to put together a checklist of principles of such practices to encourage the replication of successful programmes for the benefit of interested governments, TNCs, and SME support institutions. Assessment of impact of such linkages on SME development is also important.

4. The Expert Meeting would benefit from the findings of UNCTAD's survey on "Best practices in the promotion of business linkages from a policy perspective", and from the lessons learned from UNCTAD's technical assistance projects in this area.

Theme 2: Efficient transport and trade facilitation to improve participation by developing countries in international trade

Topic: ICT Solutions to facilitate trade at border crossings and ports

5. Recent developments in international trade and transport have led to an increased use of information and communication technologies (ICTs) by traders and transport service providers. This also has a significant bearing on Customs and other operations at border crossings and in ports.

6. ICTs are expected to play an increasing role in the design and implementation of Customs modernization programmes and other trade and transport facilitation measures. ICT applications can reduce waiting times at border crossings and at ports, secure appropriate processing of fees and Customs duties, simplify formalities, and provide timely information to transport operators. The use of ICTs in areas such as Customs automation, electronic documentation and advance information in logistics is likely to continue to grow in coming years. Developing countries must be proactive in reaping full benefits from ICT tools available worldwide to reduce transaction costs and enhance supply capacities.

7. Present negotiations on trade facilitation conducted in the WTO have resulted in a series of proposals aimed at improving and clarifying Articles V, VIII and X of GATT. A number of such proposals are technology-based, and the capacity of developing countries to implement resulting commitments will largely depend on their effective access to and use of ICTs.

8. The experts will analyse recent trends in trade and transport, as well as the resulting requirements for Customs modernization and other trade and transport facilitation measures, at the national and regional levels. These requirements will be related to available ICT tools, such as ASYCUDA, and their applicability to the realities of developing countries and least developed countries. Experts will further discuss capacity-building and technical assistance requirements to implement specific technology-based trade facilitation measures, including those concerning the institutional, commercial, legal and operational environment for Customs and other operations at border crossings and ports.

Theme 3: ICT and e-business for development

Topic: In support of the implementation and follow-up of WSIS: ICTs as an enabler for growth and development

9. This expert meeting would be organized in the framework of UNCTAD's contribution of the WSIS follow-up, showcasing the impact of ICTs on economic development and growth, and its relevance for action taken at the national, regional and global levels to implement the WSIS outcomes. It would be a follow-up to the WSIS Thematic Meeting on the "Economic and Social Impact of ICTs" held in Guatemala in January 2005, focusing on the latest research on the economic and development impact of ICTs.

Objectives:

- To present and discuss the latest empirical evidence on the impact of ICTs on economic growth, firm competitiveness, trade, and employment, in particular in developing countries.
- To contribute to the debate on the role of ICTs for poverty reduction, in the context of the follow-up to the World Summit held in New York in September 2005.
- To provide policymakers with hard facts about the benefits of ICTs for economic development, to better target national and global policy formulation.

- To contribute to the WTO discussions on e-commerce and the impact of ICTs on multilateral trade agreements
- To mainstream gender issues into the discussion.
- The presentations could provide a basis for inputs to the IER 2007.

Presentations would cover academic research results as well as project- and business-based findings.

Possible Partners: OECD, ILO, (possibly Global Alliance/ICC/CCBI/ITC).

Ad hoc expert meeting in 2006

Building skills in developing countries: training, networking and ICTs

Background and purpose of the meeting

10. The Expert Group Meeting on **Building skills in developing countries: training, networking and ICTs** stems from UNCTAD's work on training and capacity-building, and is a follow-up to the Expert Group Meeting on Human Resources Development and Training in Trade Supporting Services that was held in October 2000.

11. Indeed many developing countries have difficulties facing challenges on the international economic scene, partly because they lack the skills, knowledge and understanding necessary to find, analyse, elaborate, and apply relevant information for the formulation and implementation of trade and development policies. Decision makers in these countries need support to better define and apply efficient trade and investment strategies for economic and social development.

12. The main objective of this expert meeting will be to provide a discussion forum for developing countries to find out, through sharing experiences and best practices, how to benefit the most from the opportunities offered by ICT as applied to training and networking, in order to strengthen developing countries' trade- and investment-related skills. Experts from the public and private sectors, as well as from universities, will look into national, regional, and international initiatives and ICT-related policies, strategies and partnerships in the field of training and capacity building, and will provide recommendations to enhance UNCTAD's efforts in this field.

13. Other gatherings of experts examining related issues could follow this expert meeting, whose outcome would therefore represent an additional step towards the strengthening of UNCTAD's expertise in building the skills of developing countries in its fields of competence.

Annex III**ATTENDANCE***

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

Afghanistan	Kenya
Albania	Lebanon
Algeria	Madagascar
Angola	Malaysia
Argentina	Mexico
Austria	Morocco
Bulgaria	Nicaragua
China	Pakistan
Cuba	Peru
Czech Republic	Philippines
Democratic Republic of the Congo	Poland
Dominican Republic	Russian Federation
Ecuador	Saudi Arabia
Egypt	Slovakia
El Salvador	Sri Lanka
France	Switzerland
Germany	Syrian Arab Republic
Ghana	Thailand
Guatemala	The former Yugoslav Republic of Macedonia
Guinea	Trinidad and Tobago
Honduras	Tunisia
India	Uruguay
Indonesia	United Republic of Tanzania
Iran (Islamic Republic of)	United States of America
Iraq	Yemen
Italy	
Jordan	

2. The following Observer was represented at the Commission:

Palestine

* For the list of participants, see TD/B/COM.3/INF.11.

3. The following intergovernmental organizations were represented at the Commission:
European Commission
4. The following United Nations Agency was represented at the Commission:
United Nations Development Programme
5. The following specialized agency was represented at the Commission:
United Nations Industrial Development Organization
6. The following non-governmental organizations were represented at the Commission:
General Category
International Confederation of Free Trade Unions
OCAPROCE International
Special Category
International Multimodal Transport Association
7. The following panellists were present at the Commission:

Item 3 – Improving the competitiveness of SMEs through enhancing productive capacity

Mr. Michael Enright, University of Hong Kong, China
Ms. Hafsa Hashim, CEO, Small and Medium Industries Development Corporation, (SMIDEC),
Kuala Lumpur, Malaysia
Mr. Paul Dembinski, Observatoire de la Finance, Ecodiagnostic, Switzerland
Mr. Christian Ketels, Harvard Business School
Mr. Patrick Bitature, Managing Director, Simba Telecom, Uganda
Mr. Luiz Carlos Carvalho, Fundação Dom Cabral, Belo Horizonte, Brazil
Mr. Tilman Altenburg, German Development Institute, Bonn
Sr. Clemente Ruiz Duran, Profesor, Universidad Autónoma de México
Mr. Glen Robbins, University of Natal, Durban, South Africa
Mr. Paulo Resende, Fundação Dom Cabral, Belo Horizonte, Brazil
Mr. Charles Ocici, Enterprise Uganda

Item 4 – Efficient transport and trade facilitation to improve participation by developing countries in international trade

Mr. Dayaratna Silva, Minister, Permanent Mission of Sri Lanka, Geneva

Mr. Ray McDonagh, Deputy Director, WCO

Ms. Sheri Rosenow, WTO

Mr. Khalid Emara, Counsellor, Permanent Mission of Egypt, Geneva

Item 5 – ICT and e-business for development

Ms. Noah Elkin, Director, iCrossing Inc.

Ms. Janis Karklins, Ambassador, Permanent Representative of Latvia, Geneva

Mr. Beat F. Schmid, Managing Director, Managing Director of Institute for Media and Communications, University of St. Gallen

Mr. John Dryden, Deputy Director, Directorate for Science, Technology and Industry, OECD, Paris

Mr. Joachim Bartels, Managing Director, Business Information Industry Association Asia Pacific – Middle East Ltd.

* * * * *