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on Trade and Development**

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**Draft report of the Trade and Development  
Commission on its third session**

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## Chair's summary

### A. Reports of expert meetings

1. Delegations stated that UNCTAD's expert meetings, where experts participate in their personal capacities, had provided valuable insights into different aspects of international trade where improvements needed to be made in order to facilitate the beneficial integration of developing countries in the post-crisis period.

#### 1. Multi-year Expert Meeting on Commodities and Development

(Agenda item 3(a)(i))

2. The Commission took note of the Report of the Multi-year Expert Meeting on Commodities and Development (TD/B/C.I/MEM.2/16), which was presented by the secretariat.
3. The Commission welcomed the review by experts of price volatility issues, and stressed the need to continue analysing the functioning of futures markets. Given increased uncertainty, the Commission considered the issue of price-setting at various levels of commodity value chains, and the role of the public sector in managing risks to commodity producers. Several factors contributed to the complexity of the commodity price volatility, including supply and demand fundamentals such as supply shocks, lack of transparency, exchange rates, and input cost fluctuations. It was noted that these factors may be exacerbated by financialization and speculation.
4. The Commission noted the ongoing proposals with regard to the scope and nature of government intervention in food markets. These included moving from costly national buffer stocks to regional stocks, particularly among small countries, and improving market transparency via enhanced information systems on prices and standards for farmers.
5. The Commission noted the importance (a) of reliable process standards and information flows in commodity chains, from the farm via customs to consumers, in order to ensure product safety; and (b) of surmounting supply-chain discontinuity in inputs markets and other linkages, in order to integrate developing countries' agroindustry into global value chains.

#### 2. Multi-year Expert Meeting on Services, Development and Trade: the Regulatory and Institutional Dimension

(Agenda item 3(a)(ii))

6. The Commission took note of the Report of the Multi-year Expert Meeting on Services, Development and Trade: the Regulatory and Institutional Dimension on its third session (TD/B/C.I/MEM.3/9), which was presented by the Chair of the meeting, Ms. Marion Williams (Barbados).
7. Delegations welcomed the particular emphasis that the expert meeting had put on the need for an integrated and coherent strategy for the development of infrastructure services sectors. They concurred with the importance of such a coherent overall strategy for the sector, and added that it was crucial for policymakers to take into account countries' supply constraints and broader development policies, and that

international trade – in particular, services – played an important role in such a strategy. Openness to trade, in combination with sound regulatory policies, helped to create more competitive and efficient infrastructure services. It was also noted that the expert meeting had rightly highlighted the major role that the State needed to play in developing such an integrated and coherent strategy for infrastructure services sectors. The importance was reiterated of strengthening the services capacity of developing countries, and also of adopting the necessary regulatory frameworks for infrastructure services sectors. Some delegations highlighted the issue of coherence between regulatory frameworks and other policies and the major role of the State in that regard, as well as the role of the State in developing best-fit regulatory practices, taking into account national specificities and development needs.

### **3. Multi-year Expert Meeting on International Cooperation: South–South Cooperation and Regional Integration**

(Agenda item 3(a)(iii))

8. As the Report of the Multi-year Expert Meeting on International Cooperation: South–South Cooperation and Regional Integration had already been presented at the meeting of the Investment, Enterprise and Development Commission held in May 2011, it was not presented at the current meeting.

### **4. Multi-year Expert Meeting on Transport and Trade Facilitation**

(Agenda item 3(a)(iv))

9. The Commission took note of the Report of the Expert Meeting on Transport and Trade Facilitation (TD/B/C.I/MEM.1/9), which was presented by the secretariat.
10. One delegate noted that the subjects dealt with at the expert meeting were topical, relevant to international events, and particularly pertinent to LDCs and LLDCs. Support was given for UNCTAD to continue its research and analytical work to improve understanding of some of the main challenges facing international transportation, including the nexus between energy and transport costs, as well as the broader economic impact of higher transport costs and the related implications for trade and competitiveness.
11. Another delegate stressed the importance of UNCTAD's work – in collaboration with the World Bank, government agencies and various customs administrations – on maximizing the use of ICTs in customs to improve the efficiency and effectiveness of specific processes.

### **5. Report of the Intergovernmental Group of Experts on Competition Law and Policy**

(Agenda item 3(b))

12. Under this agenda item, the Commission took note of the Report of the Sixth United Nations Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices (TD/RBP/CONF.7/11), which was presented by the secretariat.

## 6. Expert Meeting on Maximizing the Development Impact of Remittances

(Agenda item 3(c))

13. The Commission took note of the Report of the Expert Meeting on Maximizing the Development Impact of Remittances (TD/B/C.I/EM.4/3), which was presented by Ms. Rina Soemarno (Indonesia) on behalf of the Chair of the expert meeting, Mr. Dian Djani (Indonesia).
14. Several delegates described the meeting as being timely, well prepared, and widely appreciated in terms of the high quality of the documentation and the participation of high-level officials. Delegates stressed that migration and the productive use of remittances were a win-win pro-development opportunity in the context of globalization. Remittances had a clear positive linkage to poverty reduction, economic growth and social development, which could be enhanced through proactive and targeted policies. Remittances were linked intrinsically with migration, and had become a particular driver of the economies of many developing countries. Remittances must be integrated into the overall migration management policy and national development strategy. The importance was stressed of agreements on temporary and circular migration for facilitating the movement of migrants.
15. Delegates also emphasized that the development impact of remittances could be maximized by increasing remittance flows – including by formalizing and securing remittance flows and reducing the associated transaction costs, by establishing an enabling and competitive environment and a conducive regulatory framework, and by improving financial education and financial inclusion both for migrants and for the recipients of remittances, and also through the provision of technical training on migrant entrepreneurship as well as incentives for their business operations.
16. Other delegations stated that remittances may improve a country's credit rating and may therefore improve its access to international capital markets. A coherent policy on remittances could also help maximize the benefits of remittances. Furthermore, developing countries that did not currently have remittances policies should put policies in place based on best practices. New remittances policies would maximize the impact of remittances flows on investment, growth and development, by enacting mechanisms to mobilize remittances through higher interest rates on time deposits, foreign-currency-denominated bank accounts, and tax incentives. Governments also needed to define policy schemes to record remittances through formal channels, and to improve the data on these inflows. Governments could also facilitate the use of remittances to build productive capacities, such as implementing education programmes, in order to help returning migrants, to develop the appropriate infrastructure, and to improve the investment climate and complement investment out of remittances.
17. Some delegations stated that UNCTAD should (a) focus on consolidating current country-specific reviews of financial regulations and payment systems affecting remittance flows, in order to assess best practices; (b) establish an analytical framework to evaluate countries' levels of financial inclusion and literacy; (c) produce a database on pro-development practices that would facilitate remittance flows; and (d) continue research and expert meetings that would explore the linkages between migration, remittances, trade, investment and development. It was stated that UNCTAD was a unique forum in the United Nations that could analyse the effects of migration and remittances on development, as well as how to maximize the positive effects for developing countries. Migration and remittances were vital for developing countries, and for other countries too, in view of the contribution that they made to the world economy. Some delegations requested UNCTAD to carry out further analysis in this area and to organize another expert meeting on migration, remittances and development.

## **B. Promoting and strengthening synergies among the three pillars**

(Agenda item 6)

18. Delegations appreciated the UNCTAD secretariat's implementation of the Accra Accord in regard to trade, commodities, transport and trade facilitation, and training, and looked forward to another year of equally heightened implementation, even as preparations for UNCTAD XIII were simultaneously being pursued.

### **1. Progress report on the implementation of the provisions of the Accra Accord related to key trade and development issues**

19. Ms. Mina Mashayekhi, Officer-in-Charge of the Division on International Trade in Goods and Services, and Commodities, reported on the implementation of the provisions of the Accra Accord related to key trade and development issues based on document TD/B/C.I/17, and also drawing upon the DITC Activity Report 2010 (UNCTAD/DITC/2011/1). 2010 had been an eventful and highly productive year for the Division in its efforts to promote inclusive and sustainable development through trade, and to combat poverty in developing countries and help achieve the Millennium Development Goals. A milestone was the mid-term evaluation and review of UNCTAD's implementation of the Accra Accord by the fifty-seventh session of the Trade and Development Board. The Board had expressed its satisfaction with the quality and large volume of the work undertaken by the Division over the past two years. Three outcomes were particularly notable: (a) the successful conclusion of the São Paulo Round of GSTP negotiations, with important potential for expanding South-South trade; (b) the organization and servicing of the Sixth United Nations Conference to Review all Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, which affirmed the importance of promoting the use of competition laws and policies in enhancing domestic and international competitiveness; and (c) substantive support on trade issues to the preparations for LDC-IV, which was reflected in the Istanbul Programme of Action..

20. Implementation of the Accra Accord was accelerated through integrated intergovernmental support, analysis and technical assistance. Based on the Division's reports and policy suggestions, intergovernmental deliberations were supported, with a view to building consensus on regulatory, institutional and policy frameworks conducive to making trade work for sustainable and inclusive development in the recovery period and addressing the challenges arising from the ongoing effects of the energy, food, financial and economic crises. Under the research and analysis pillar, the Division produced 30 analytical publications, training materials and handbooks on contemporary trade and development issues. These were disseminated to a broad audience, and they informed trade-policy formulation and implementation, beneficial integration into the international trading system, and trade negotiations and development. Under the technical assistance pillar, over 58 countries and many regional and global trade events benefited from the Division's support. One hundred and sixty-one workshops were organized, which benefited 7,516 participants, and 70 advisory missions were undertaken to countries and international events. Expenditures on the Division's technical cooperation in 2010 amounted to \$5,338,000 – representing 14 per cent of total UNCTAD expenditure in 2010. Many activities were undertaken in cooperation with other divisions and other international organizations.

21. For 2011, the challenges included (a) continued implementation of the Accra Accord and mandates from the sixth United Nations competition conference and the Istanbul Programme of Action for LDCs; (b) support to member States in undertaking sound preparations for UNCTAD XIII; and (c) support to the wider United Nations system in the preparations for the Rio+20 conference.

22. Delegations recognized and commended the high level of implementation and the quality of UNCTAD's work on trade and development in all three pillars, the outreach to a large number of developing countries in all regions, and the emphasis on practical policy options as well as proposals for workable solutions to pending problems. Appreciation was also expressed for UNCTAD's work on developing countries' integration into the trading system, trade negotiations, and WTO accession, and it was asked that this important work be continued. Donors were encouraged to support this area of work. With respect to financing of participation by experts in UNCTAD's expert meetings, one member State announced its contribution to UNCTAD's trust fund, which was welcomed. Others were encouraged to consider such financial contributions, to ensure exchanges of experiences and of lessons learned.

**2. Progress report on the implementation of the provisions of the Accra Accord related to commodities**

23. The secretariat presented the "Progress report on the implementation of the provisions of the Accra Accord related to commodities" (TD/B/C.I/18). Highlights of the Unit's work were (a) monitoring current developments and challenges in commodity markets, with outlooks for the future; (b) providing a platform for intergovernmental forums and multi-stakeholder dialogues to build consensus among stakeholders, assess key problems in the commodities sector, and identify potential solutions; (c) the implementation of four main components of the All ACP Agricultural Commodities Programme funded by the European Union, namely market information systems, commodity finance, commodity exchanges, and the sustainability claims portal; (d) training and interdivisional cooperation; and (e) cooperation with other international organizations and commodity bodies in research and analysis and other activities to promote a comprehensive approach to commodity-sector development.

**3. Progress report on the implementation of the provisions of the Accra Accord related to transport and trade facilitation**

24. The secretariat presented the "Progress report on the implementation of the provisions of the Accra Accord related to transport and trade facilitation" (TD/B/C.I/19). Delegates' attention was also drawn to chapters 3 and 4 of the *Division on Technology and Logistics: Activity Report 2010* (UNCTAD/DTL/2011/1), in which activities related to transport, trade facilitation and legal frameworks, as well as customs automation through UNCTAD's largest technical assistance programme, the Automated System for Customs Data (ASYCUDA), were further described.

25. Within the framework of its mandate, the Division on Technology and Logistics carried out research, which resulted – inter alia – in the *Review of Maritime Transport 2010*, which received excellent feedback in the publications survey; the Liner Shipping Connectivity Index; and the Transport Newsletter, which is published quarterly. In the area of technical assistance, 69 projects were being implemented during the reporting period, 67 of which were being implemented by ASYCUDA. Advisory services were offered on transport and trade facilitation issues. In relation to consensus-building, a number of multi-year and ad hoc expert meetings took place, including in the area of facilitating understanding of key issues discussed in trade-related international negotiations.

26. A request was made to the secretariat to provide advance notice of the dates of ad hoc expert meetings on the impacts of climate change on international transport.

#### 4. Progress report on the implementation of the provisions of the Accra Accord related to cross-divisional capacity-building

27. The secretariat presented the “Progress report on the implementation of the provisions of the Accra Accord related to cross-divisional capacity-building” (TD/B/C.I/20), and made reference to chapter 2 of the *Division on Technology and Logistics: Activity Report 2010* (UNCTAD/DTL/2011/1), in which additional information could be found. Donors and supporting agencies were thanked for the support that they had provided to the technical assistance activities undertaken.

28. The first cross-divisional programme presented was TrainForTrade; this included discussion about its areas of focus, and its extensive use of information and communications technologies. Next, a brief overview was given of the courses held in 2010 on Key Issues on the International Economic Agenda, which had attracted excellent feedback from participants. The secretariat emphasized the call for proposals for multi-year venues for the regional courses in transition economies, and in Western Asia and Africa. Finally, a presentation was made on the Virtual Institute, the services it provided, its expanding network that included North–South and South–South cooperation, and its focus on cross-divisional work.

### C. Other business

(Agenda item 7)

#### Report on the Sixth Annual Meeting of the Global Network of Exim Banks and Development Finance Institutions (G-NEXID)

29. Mr. F. Mbroh, Director of Research, Planning and International Cooperation, Afreximbank, reported on the sixth annual meeting of G-NEXID, on behalf of Mr. Jean-Louis Ekra, Honorary President, G-NEXID, and Chair and President, Afreximbank. The meeting had been held on 6 June 2011 in Lisbon, Portugal.

30. G-NEXID expressed its appreciation for UNCTAD’s unwavering support for the network. G-NEXID was active in promoting and financing cross-border trade and investment flows. G-NEXID had revised its management processes and adopted a near-term work programme. There was growing global awareness of G-NEXID, as evidenced by its increasing membership, which had reached 23 by the end of April 2011, up from 5 at the first annual meeting of the network in 2006. The network was providing tangible services to its membership, including bilateral lines of credit among some members, and between partners and members of the network. For example, a line of credit of \$100 million had been extended by the Export-Import Bank of India to the ECOWAS Bank for Investment and Development; Afreximbank had received a line of credit of \$200 million from IFC, and another of \$100 million from the China Development Bank; and the Development Bank of South Africa had offered Afreximbank a trade finance line of \$50 million to enable the Bank to address the critical import finance needs of some countries in the Southern African region that had been affected by the global crisis. G-NEXID was also preparing an internet-based credit database, in order to facilitate cross-border trade and project finance deals. In the long run, access to the database would be made available to both the public and private sector to assist in the evaluation and processing of cross-border trade and project finance deals.

31. Cooperation between G-NEXID and UNCTAD was being strengthened, with the signing expected shortly of a Memorandum of Understanding. Such cooperation was based on the shared goal of promoting and financing cross-border trade and investment flows for the economic well-being of peoples.