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**REPORT OF THE TRADE AND DEVELOPMENT BOARD ON ITS
FORTY-SEVENTH SESSION**

held at the Palais des Nations, Geneva
from 9 to 20 October 2000

Volume I

Report to the United Nations General Assembly



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Corrigendum

Page 19, decision 466 (XLVII), annex

For Draft terms of reference of the Advisory Body read Terms of reference of the Advisory Body

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INTRODUCTION

(i) The forty-seventh session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 9 to 20 October 2000. In the course of the session, the Board held four plenary meetings – the 914th to 917th meetings.

(ii) This report to the United Nations General Assembly has been prepared under the authority of the President of the Board, in accordance with the guidelines adopted by the Board in the annex to its decision 302 (XXIX) of 21 September 1984. The report records, as appropriate, the action by the Board on the substantive items of its agenda (session I) and procedural, institutional, organizational and administrative matters (section II).

(iii) Volume II of the report of the Board on its forty-seventh session – to be issued subsequently in TD/B/47/11(Vol.II) – will reflect all the statements made in the course of the session on the various items of the agenda.

I. ACTION BY THE TRADE AND DEVELOPMENT BOARD ON SUBSTANTIVE ITEMS ON ITS AGENDA

A. Interdependence and global economic issues from a trade and development perspective: crisis and recovery in emerging markets

(Agenda item 3)

At its 917th plenary meeting, on 20 October 2000, the Trade and Development Board took note of the Chairman's summary on agenda item 3.

Chairman's summary

1. The recovery of the world economy from the shock waves of the Asian crisis was broadly welcomed. While it was recognized that technological progress and the globalization of trade, finance and productive activity offered new opportunities for wealth creation under appropriate macroeconomic policies and with good governance, weaknesses in national policies and institutions could be punished much more quickly and severely by international markets than in the past. That such punishment by international investors could occur even when there was no solid basis for a negative risk assessment was a concern widely expressed. There was also considerable concern about the disparities in economic performance across and within regions and about the persistence of macroeconomic imbalances.

2. It became clear in the course of the discussions that difficult policy choices were not restricted to developing countries. Growth disparities within the industrialized world had resulted in trade imbalances, while technological and financial innovations had led to greater fragility of financial and trade flows. There was broad agreement that the recent rise in oil prices from their depressed levels of the past decade had added another element of fragility and heightened uncertainty. It was felt by many that the risk of renewed global economic turbulence was still quite high, with developing countries the most vulnerable. But there was also widespread confidence that prudent macroeconomic adjustments in the developed countries could prevent temporary shocks spiraling into inflation or deflation, and that these countries were better placed than in the past to use policies to correct the existing global imbalances without jeopardizing the growth prospects of the developing countries.

3. There was broad agreement that oil-importing developing countries were in a particularly difficult situation, as many of them were caught between a rising import bill and declining prices for their own export commodities, and that such countries required compensatory financing through the multilateral financial institutions.

4. Given the underlying weaknesses, there was little room for complacency. Rather, the present conditions offered an opportunity to reshape international economic relations in the interest of all countries and to reinforce the fight against poverty. Expanding trade

opportunities and improving market access would help developing countries to become less dependent on capital inflows and hence less vulnerable to external shocks originating from international capital markets and policy shifts in the developed countries.

5. The East Asian financial crisis had shown that even for the most successful developing countries there were substantial downside risks in the process of globalization. It was broadly acknowledged that there had been a number of shortcomings in the diagnosis of this crisis, and that initial policy responses might not have been optimal. But the difficulty of prescribing the right medicine given the specific characteristics of each crisis was also recognized. While some speakers believed that the tightening of monetary and financial policies had contributed to the recovery, most pointed to the severe social effects of these policies in terms of rising poverty and unemployment. The recovery in the East Asian economies was still quite fragile, and countries had to continue with their structural reforms, in particular those aimed at strengthening the financial and corporate sector.

6. Views as to how best to respond to financial panics differed. Arguments were put forward in favour of both orthodox and heterodox policies. However, there was some degree of consensus that, in the absence of social safety nets, falls in output and employment, resulting from sharp rises in interest rates could do serious social and economic damage, and that temporary and selective capital controls and standstills might be part of an alternative policy package that would also have to include bailing-in of the private sector and timely provision of adequate liquidity. There was also broad satisfaction that during the crisis and recovery of East Asia, the international trading system had proven its effectiveness, as markets remained open despite sharp swings in trade flows and balance of payments positions.

7. While increased private capital flows to developing countries were generally welcome and might serve as a vehicle to accelerate development, international capital markets did not always allocate funds efficiently at the global level. The downside risks of globalization were considered particularly acute in international financial markets where imperfections due to herd behaviour and irrational expectations were endemic. There was certainly a major role for national policies in crisis prevention and solution. Good corporate governance, an appropriate maturity structure of external debt and an effective regulatory system for the domestic financial sector were stressed. On some accounts, the real key to a successful policy response was whether it contributed to strengthening market confidence. However, it was also recognized that international investors primarily cared about maximizing the return on their investments and much less about the quality of corporate governance and financial regulations. Attention was drawn to the fact that, while much of the financial burden of the Asian crisis was born by the public sector, the crisis had originated in the private sector. Consequently, more attention should be given to prudential regulation and supervision of private capital flows.

8. The discussion also addressed the systemic factors behind the recent financial crises, which could only be effectively addressed at the international level. Greater stability of the

international financial system required appropriate regulation of financial flows. There was consensus that improved prudential regulations were required over highly leveraged institutions, particularly in the derivative and hedge fund markets, and more effective and independent supervision was desirable. Consensus was more difficult to reach on the appropriateness of capital controls, the introduction of debt-workout procedures, and the establishment of a lender of last resort. While, on the one hand, it was suggested that the reform of the international financial architecture should aim at a solidly institutionalized setting, it was also suggested that such arrangements could turn out to be too rigid in the medium term, so that a case-by-case approach might be preferable.

9. There was broad agreement that governance in the international monetary and financial system should be made more transparent and participatory, and some speakers pointed to the progress that had already been made in this respect in the international financial institutions. Greater regional monetary cooperation was considered to be useful for the prevention and management of currency crises, albeit through complementing existing multilateral arrangements; efforts towards strengthening regional monetary cooperation, which had already made some progress in Asia, should not divert attention away from the need to strengthen the financial architecture at the global level.

10. Emphasis was placed also on the need for strengthened policy coordination among the major developed countries to avoid large fluctuations of the exchange rates among the three major currencies. While it was observed that central bankers and other policy makers of the G-7 countries were in frequent contact and that policy coordination did not require formal mechanisms, such as exchange-rate target zones as proposed by others, there were also suggestions that, in order to be effective, more institutionalized forms of such coordination were necessary. The Enhanced HIPC Initiative was generally welcomed, but it was also made clear that the debt problem remained an obstacle to faster development, especially in least developed countries. Moreover, it was observed that while for a large number of developing countries official flows remained essential for higher investment and growth, these flows had been on a downward trend for much of the past decade, barely compensating for adverse shifts in the terms of trade. An acceleration of debt relief procedures and their extension to a greater number of poor countries, as well as renewed efforts on the part of donor countries to raise their ODA to previously agreed targets, were considered by many speakers to be necessary preconditions for a reduction of poverty and a narrowing of the income gap between North and South.

B. Review of progress in the implementation of the Programme of Action for Least Developed Countries for the 1990s

(Agenda item 4)

Agreed conclusions 459 (XLVII)

The Trade and Development Board welcomes the *Least Developed Countries 2000 Report* of the UNCTAD secretariat entitled, "Aid, Private Capital Flows and External Debt:

The Challenges of Financing Development in the LDCs”, and, having reviewed the Report and subsequent to discussions in its Sessional Committee I, adopts the following conclusions:

1. The Trade and Development Board at its forty-seventh session undertook the last annual review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s. The Board recognized that the implementation of the commitments as contained in the Programme of Action has fallen short of expectations. The socio-economic conditions in LDCs have continued to decline. The number of LDCs increased during the decade, while only one LDC was able to graduate from the list.

2. The Board also emphasized the importance of accelerating growth and sustainable development, promoting poverty eradication in LDCs, strengthening their productive and human capacities, especially in social sectors, such as education and health, as well as transparent and accountable governance, structural reforms and enhancing their beneficial integration within the rapidly globalizing economy both at regional and global levels. It is crucial to mobilize adequate resources to achieve these goals. It considered these to be major challenges to be addressed by the preparatory process of the Third United Nations Conference on LDCs.

3. The Board welcomed the action initiated by a major trading partner to provide LDCs with duty-free and quota-free market access to all products originating from LDCs, except arms. The Board also welcomed other initiatives by developed countries in the same direction. It further encouraged those countries that have announced market access commitments in favour of LDCs, and have not yet fulfilled them, to expedite implementation, and invited other countries to take similar initiatives.

4. The Board underlined the importance of enhancing productive capacities and reducing supply-side constraints for LDCs in order to take full advantage of market access opportunities.

5. The Board noted with concern the declining trend of ODA, and expressed appreciation to those donor countries that have met or surpassed United Nations ODA targets for LDCs. Efforts should be made to increase ODA in line with these targets, and to maintain a substantial level of ODA flows, while improving its effectiveness.

6. Increasing official flows should be accompanied by swift and effective reduction of the debt burden of LDC HIPC countries that are carrying out appropriate policy and institutional reforms. The Board expressed appreciation to those industrialized and developing countries that have taken concrete actions for debt cancellation of LDCs and encouraged other creditors to do the same.

7. In line with the outcome of the first session of the Intergovernmental Preparatory Committee of LDC III (IPC), held in New York from 24 to 28 July 2000, the Board reviewed the annotated outline of the new Programme of Action. It commended the secretariat for the

draft outline. It requested that the work on the preparation of the draft new Programme of Action commence immediately under the authority of the Chairman of the IPC.

8. The Chairman of the IPC briefed the Board on the structure of LDC III, the parallel events, the civil society track and the NGO Forum, and there was an exchange of views on these matters. These activities should contribute to the attainment of the objectives of the Conference.

9. In preparing the new Programme of Action, account should be taken of the views of the member States, particularly the LDCs, the national programmes of action, the outcomes of major global summits and conferences, and ongoing processes within multilateral organizations, including the Bretton Woods institutions and WTO. The Board emphasized the importance of an adaptable document that includes quantifiable, measurable and implementable targets based on the international development targets. Full participation and ownership of all stakeholders in a transparent preparatory process was stressed. It was further emphasized that the preparation, implementation and follow-up of the Programme of Action should be undertaken with the active involvement of major multilateral organizations.

10. The Board took note of the preliminary report of the High Level Panel on the review of progress in the implementation of the Programme of Action for the LDCs for the 1990s (TD/B/47/CRP.5), and requested the Panel to conclude its work expeditiously for circulation of its final report to member States.

11. The Board also took note of a statement on the financial situation of the preparatory process of the Conference submitted by the secretariat. It expressed appreciation for the financial support provided to the preparatory process by the European Union, Norway and the Holy See, and encouraged additional multilateral and bilateral donors to contribute generously for the preparatory process and for the Conference itself. The need for financing the participation of LDCs in the preparatory process and in the Conference was emphasized.

12. The Board stressed the need for effective monitoring and follow-up to the implementation of the new Programme of Action.

C. UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: capital flows and growth in Africa

(Agenda item 5)

Agreed conclusions 460 (XLVII)

The Trade and Development Board welcomes the report of the UNCTAD secretariat entitled *Capital Flows and Growth in Africa* and, having reviewed the report and subsequent to discussions undertaken in its Sessional Committee II, adopts the following conclusions:

1. The United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF) established an objective of an average annual growth rate of at least 6 per cent in order for the continent to achieve sustained and sustainable economic growth and equitable development, increase income and eradicate poverty. However, the average growth rate attained in the 1990s has only been 2.4 per cent per annum. Notwithstanding the diversity of African economies, it is recognized that sustained economic growth is a necessary condition for poverty reduction, and must be complemented by a conducive national and international economic environment and by a range of social investments and institutional reforms.
2. Domestic savings should, in the long run, be the main source for domestic investment. However, despite significant policy reforms carried out by a number of African countries, current levels of savings and investment in Africa are too low to ensure sufficient investment in human capital and social and physical infrastructure. Measures must therefore be taken to fill this investment gap. These measures could include increased foreign capital flows, both private and official, and institutional reforms to reverse capital flight. Closer cooperation is required at the international level in this regard.
3. Despite extensive efforts by African countries to attract and promote foreign direct investment (FDI), such flows have remained stagnant in terms of total share of global FDI flows at a low level of 1.2 per cent and most of them have been concentrated in a small number of countries. Therefore, despite recent slight increases in total flows of FDI to Africa and on the basis of past and current trends, these flows are unlikely to fill the resource gap in the foreseeable future. FDI in Africa should be encouraged through, *inter alia*, the promotion of cooperation between industrialized countries and Africa. There should be efforts to mitigate the undifferentiated negative perception that prevents reforming countries from reaping the full benefits of their efforts and to attract greater foreign capital flows.
4. The role of macroeconomic stability as a fundamental precondition for mobilizing both domestic and international financial resources must be stressed. Stability, the rule of law and predictable macroeconomic policies, in conjunction with the necessary structural reforms, are essential for fostering a climate conducive to equitable social and economic growth. Financial resources commensurate with the needs of Africa's development are required, and sustained efforts should continue to be made to create the necessary conditions for increasing FDI and mobilizing internal and external resources. Concessionary resources of the official development assistance (ODA) type are required in order to address as a priority the structural rigidities which constrain Africa's development effort, especially the development of human resources capacities and poverty alleviation, as well as the extension of physical infrastructure and production capacities. All partners in development cooperation - donors as well as beneficiaries - are encouraged to organize their development assistance more effectively in order to work for enhanced coordination and complementarity. In order to ensure better and more efficient use of ODA resources, development partners should cooperate to reinforce the absorptive capacity of the recipient countries.

5. ODA remains an important source of external financing in Africa at present, but despite efforts by African countries for a more efficient and better use of it, such flows have continued to decline in the past decade. Current ODA flows represent less than one third of United Nations targets. Efforts should be made to increase ODA in line with these targets, and to maintain a substantial level of ODA flows for a sufficiently long period in order to fill the investment gap. Over the longer term, private capital flows and domestic savings should replace official financing, thereby reducing the aid dependence of African countries.

6. Increasing official flows should be incorporated into a comprehensive development approach which would include other measures such as the swift and effective reduction of the debt burden of African countries enacting appropriate policy and institutional reforms. It is agreed that debt relief assistance should not be provided at the expense of other ODA flows. In spite of various efforts to address the debt crisis, at regional, national and international levels, Africa's external debt has grown at a very high rate. The Enhanced Heavily Indebted Poor Countries (HIPC) Initiative and the goal of bringing an additional 10 HIPCs to decision point by the end of the year are a welcome development. The Board notes the UNCTAD Secretary-General's recommendation that consideration be given to the immediate suspension of debt service payments for HIPCs undertaking reform, with no additional interest obligations being incurred in consequence. In this connection, it is recalled that UNCTAD X invited the international community to consider ways and means of identifying that portion of debt assessed as unpayable for possible action by creditors. The success of any debt-relief initiatives depends on the availability of necessary resources and the implementation of economic reform measures. In this regard, African countries are encouraged to continue to implement such reforms, to strengthen transparent and accountable governance, and to commit themselves to using savings from debt relief for poverty alleviation, including the improvement of the social sectors and the rehabilitation of infrastructure.

7. Recognizing the various efforts made by many African countries with the aim of creating a domestic environment conducive to capital inflows, African countries need to adopt where necessary appropriate policies which ensure efficient use of existing and additional resources for the development of human capital and social and physical infrastructure. This includes generally paying attention to shortcomings in markets, institutions and infrastructure. In this connection, the promotion of a dynamic private sector and the conditions for well-functioning markets, as well as the building up of public institutions with necessary capacity to implement macroeconomic policies leading to growth and development, are essential. National ownership and, where appropriate, a more active government role are essential for the success of reform programmes. These programmes should include policies to mitigate the social costs of reform.

8. A comprehensive approach to the development of African economies would be significantly assisted by greater market access for African exports and by the transfer of technology. For African countries to take full advantage of market access opportunities,

which is associated with positive externalities, it is imperative to enhance productive capacities and to reduce supply constraints.

9. The report entitled *Capital Flows and Growth in Africa* and a summary of the Board's discussions of the report should serve *inter alia* as an input to the preparatory process for the United Nations High-level Event on Financing for Development as well as for the review of the United Nations New Agenda for the Development of Africa in the 1990s, due to take place in 2002.

D. Technical cooperation activities

(Agenda item 6)

Review of technical cooperation activities of UNCTAD and their financing

Decision 461 (XLVII)

The Trade and Development Board,

1. *Takes note* with appreciation of the report on technical cooperation activities of UNCTAD and their financing and its addenda (TD/B/47/2 and Add.1–2) as well as of the indicative plan of UNCTAD's technical cooperation for 2001 (TD/B/47/8); *regrets* that some documents have not been translated in the last years and requests the secretariat to do its best to have them translated into the official languages in due time in future years; and *notes* with satisfaction that the delivery of UNCTAD's technical cooperation reached its highest ever level in quantitative terms in 1999;
2. *Expresses its appreciation* to bilateral and multilateral donors for their contributions and appeals to them to continue to extend their contributions to ensure that UNCTAD in turn can respond to demand from all regions and deliver high-quality technical assistance;
3. *Notes* that the level of trust fund contributions fell in 1999, and that the bulk of these contributions come from a few donor countries, and *calls upon* all bilateral and multilateral donors to enhance their trust fund contributions on a more predictable and sustainable basis;
4. *Notes with satisfaction* that the level and share of technical cooperation expenditures for LDCs have increased, and *requests* bilateral and multilateral donors to continue to contribute to UNCTAD technical cooperation activities in favour of these countries commensurate with their needs and the priority assigned to them by member States in the UNCTAD X Plan of Action (TD/386);
5. *Requests* the secretariat, in consultation with member States, to intensify its efforts to ensure a better relative balance in the share of technical cooperation activities of the various regions, taking into account their respective needs;

6. *Takes note* of the efforts undertaken by the secretariat with a view to diversifying and enhancing its database of consultants and experts, and in particular improving its geographical coverage; *urges* the secretariat to intensify its efforts with a view to making maximum use of capacities from developing countries in the implementation of technical cooperation activities, including local and regional expertise; and *encourages* developing countries to provide names of experts to the secretariat;

7. *Calls upon* the secretariat to consider, in consultation with donors and beneficiaries, whenever possible and appropriate, clustering of activities and formulating umbrella projects to enhance internal coordination and coordination among donors, to create economies of scale, and to support cooperation among developing countries at the subregional, regional and interregional levels;

8. *Encourages* the secretariat to pursue and where appropriate extend the various consultations with interested member States regarding UNCTAD's technical cooperation activities, bearing in mind that these consultations should be transparent and open-ended, and requests the secretariat to report annually on these consultations to the Working Party;

9. *Expresses* its appreciation to the secretariat for its efforts in the preparation of the indicative plan for UNCTAD's technical cooperation activities for 2001, as contained in document TD/B/47/8-TD/B/WP/132; *requests* the secretariat to revise and reissue this document in light of the comments made by the Working Party at its thirty-sixth session; and *also requests* the secretariat to include, in the indicative plan of UNCTAD's technical cooperation for 2002, information on the responses it received from donors to the indicative plan for the year 2001;

10. *Notes* with satisfaction the introduction of a computerized programme (PROMS+), and requests the secretariat to derive the maximum use from this programme, as an additional tool, for the purpose of enhancing internal coordination, strengthening central oversight and monitoring technical cooperation activities, *inter alia* for reporting purposes;

11. *Requests* the secretariat to standardize the presentation of project proposals and the submission of progress reports to donors and beneficiaries and to consistently include performance indicators, impact assessment and evaluation, and in addition *welcomes* information from beneficiary countries on the impact of technical cooperation services they receive from UNCTAD;

12. *Requests* the secretariat to include information in project documents on the relationship between the project and the secretariat's research and policy analysis functions, with a view to strengthening the integration between the secretariat's research and policy analysis functions and its technical cooperation activities.

Review of the financial sustainability of certain technical cooperation programmes and activities, pursuant to paragraph 164 (viii) of the UNCTAD Plan of Action, in order to ensure sufficient funding

Decision 462 (XLVII)

The Trade and Development Board,

1. *Recommends* to the Secretary-General of UNCTAD that he rapidly establish advisory groups for the ASYCUDA, DMFAS and ACIS programmes; such groups would be composed of technical representatives of interested member States, including existing and potential donors and beneficiaries, and the secretariat; these new groups will advise the Secretary-General on a range of issues affecting these programmes, including options for ensuring the financial sustainability of the programmes;
2. *Requests* the Secretary-General of UNCTAD to consider the establishment of a DMFAS trust fund in order to ensure the financial sustainability of the central operation of the DMFAS Programme, as well as the different options and modalities for such a trust fund, and to report to the Working Party at its next session.

Implementation of paragraph 166 of the UNCTAD X Plan of Action

Decision 463 (XLVII)

The Trade and Development Board,

1. *Takes note* of the report “Strengthening UNCTAD’s capacity-building programmes and activities” (TD/B/WP/133) of 4 September 2000 and *encourages* the Focal Point to continue his work on the implementation of paragraph 166;
2. *Takes note* that the approved budget for UNCTAD for the biennium 2000-2001 does not make provision for the organization of regular training courses from existing regular budget resources or available extrabudgetary resources for the implementation of paragraph 166 of the UNCTAD X Plan of Action (TD/386);
3. *Invites* the Secretary General of UNCTAD to seek urgently the necessary resources to prepare and deliver three training courses in 2001 by exploring a variety of funding arrangements, including the United Nations programme budget, particularly sections 21 (the regular programme of technical cooperation) and 33 (the Development Account), voluntary contributions and a combination thereof;
4. *Notes with regret* that the detailed costed proposals mandated by paragraph 166 of the UNCTAD X Plan of Action are not yet available, and *calls on* the secretariat to provide such proposals at the latest by the next session of the Working Party;

5. *Reiterates* the importance it attaches to the early and full implementation of paragraph 166 of the UNCTAD X Plan of Action, and *urges* the Secretary-General of UNCTAD to take all necessary measures to this end in the context of the preparation of the programme budget for 2002-2003.

Evaluation of technical cooperation programmes

Decision 464 (XLVII)

The Trade and Development Board,

1. *Expresses satisfaction* with the strengthening of the evaluation process in UNCTAD by the integration, on a systematic basis, of both the logical framework approach and participatory evaluation, and *encourages* the Secretary-General of UNCTAD to continue in this direction;

2. *Stresses* the importance of the evaluation process in UNCTAD being adequately funded, using regular budget resources and extrabudgetary resources, and *encourages* the secretariat to consider building evaluation into the budgets of individual programmes where appropriate;

(a) EMPRETEC

3. *Welcomes* the in-depth evaluation of the EMPRETEC Programme (TD/B/WP/129), *commends* the quality of the work undertaken by the evaluation team as well as the support provided by the secretariat and the country programmes in preparing the report, *agrees* with the recommendations contained therein, and *urges* the Secretary-General of UNCTAD to implement the recommendations and report on the implementation at the session of the Working Party in 2001 dealing with technical cooperation;

4. *Stresses* the necessity of implementing these recommendations in order to consolidate the EMPRETEC programme, which is a necessary condition to enhance its effectiveness;

5. *Invites* the secretariat, wherever resources allow, to enhance, after consolidation and improvement of the programme, the geographical coverage of the EMPRETEC Programme, in particular with respect to development of projects in Africa and Asia, and in this respect *invites* the secretariat to use to the maximum extent possible the national experiences existing in these regions as well as in Latin America;

6. *Invites* the secretariat to strengthen its cooperation with other organizations and entities dealing with entrepreneurship so as to take full benefit of potential synergies;

7. *Requests* the UNCTAD secretariat to improve the dissemination of information on the EMPRETEC Programme and to inform Geneva-based delegations of the organization of the annual meetings of EMPRETEC directors;

(b) Follow-up to evaluations

(i) Competition law and policy

8. *Takes note* of the progress report on the implementation of the recommendations arising from the evaluation of the programme of technical cooperation activities on competition law and policy (TD/B/WP/130) and *invites* the secretariat to pursue the implementation of those recommendations;

(ii) Trade Points

9. *Takes note* of the document "Implementation of the Trade Point Programme Strategy: Progress report" (TD/B/WP/128) and the document "Transfer of the ETO system to a non-profit entity" (TD/B/WP(XXXVI)/CRP.1);

10. *Supports* the establishment of a fully representative international Trade Point federation (ITPF), in accordance with the Trade Point Programme strategy approved at the thirty-fourth session of the Working Party;

11. *Requests* the secretariat to prepare a document elaborating details with regard to option 1, transfer of the ETO system to an ITPF, for the information of the members of the Working Party before the end of October 2000;

12. *Requests* the secretariat to begin immediately the tendering process, in conformity with the United Nations Financial Regulations and Rules, for the transfer of the ETO system to a suitable non-profit entity, specifying the possibility of a transfer of the ETO system to the ITPF when it has been established;

13. *Requests* the secretariat to further consult with Trade Points at the World Trade Point Directors Meeting in November 2000 regarding the transfer of the ETO system to the ITPF;

14. *Reaffirms* its decision that the secretariat should proceed with the implementation of the Trade Point Programme strategy in the timeframe agreed;

15. *Encourages* donor countries to make available extrabudgetary resources for capacity-building projects aiming to achieve this objective, as contained in the approved strategy;

16. *Requests* the secretariat to report to the autumn session of the Working Party in the year 2001 on the progress made in the implementation of the strategy, including on the work undertaken and to be undertaken, as well as on the strategy's financial aspects;

(c) Technical cooperation at the mid-term review

17. *Requests* the secretariat to extend the logical framework approach to all projects, to ensure that the required information will be available for examination at the mid-term review;

(d) Future evaluation

18. Decides that an in-depth evaluation of the TRAINMAR Programme will be considered at the session of the Working Party in 2001 dealing with technical cooperation.

E. Other business

(Agenda item 9)

Financing of experts from developing countries and economies in transition when participating in UNCTAD meetings

Decision 465 (XLVII)

The Trade and Development Board,

1. *Emphasizes* the positive impact of the increased participation of developing countries' experts in UNCTAD expert meetings in 1999 as a result of the use of resources allocated by the General Assembly to finance their participation, both on the quality of deliberations and the geographical representation of participants, including participants from LDCs;
2. *Affirms* the importance it attaches to ensuring ways and means to finance the participation of experts from developing countries and economies in transition in UNCTAD expert meetings on a predictable basis, taking into account the favourable experience up to now;
3. *Invites* the Secretary-General of UNCTAD to seek urgently the necessary resources to finance the participation of experts from developing countries and economies in transition in UNCTAD expert meetings foreseen for 2001;
4. *Urges* the Secretary-General of UNCTAD to take all necessary measures to finance the participation of experts from developing countries and economies in transition in UNCTAD expert meetings, including in the context of the preparation of the programme budget for 2002-2003;
5. *Notes* the importance of and the need to retain the modalities that were agreed upon for the financing of experts participating in UNCTAD expert meetings.

**Establishment of an Advisory Board in accordance with paragraph 166 of the
Bangkok Plan of Action**

Decision 466 (XLVII)

The Trade and Development Board,

1. *Decides* to establish an Advisory Body to advise the Secretary-General of UNCTAD, in accordance with paragraph 166 of the Bangkok Plan of Action (TD/386), with the terms of reference annexed hereto; the Advisory Body will not be a subsidiary organ of the Trade and Development Board and will not be part of the intergovernmental structure of UNCTAD;
2. *Decides* that the Trade and Development Board will appoint members of the Advisory Body annually at its regular sessions on the basis of the recommendations of the regional groups;
3. *Requests* the Secretary-General of UNCTAD to report to the forty-eighth session of the Trade and Development Board on the implementation of paragraph 166 of the Plan of Action;
4. *Decides* to review the arrangements for the implementation of the regular training courses provided for in paragraph 166 of the Plan of Action at its next regular session;
5. *Decides further* that the President of the Advisory Body will inform the Board, at its regular sessions, on the activities of the Advisory Body;
6. *Decides* that the Advisory Body will hold its first meeting as soon as the detailed proposals mandated by paragraph 166 of the Bangkok Plan of Action are made available by the secretariat, and *urges* the Secretary-General of UNCTAD to make those proposals available as soon as possible.

Annex

Draft terms of reference of the Advisory Body

Functions of the Advisory Body

1. The Advisory Body will advise the Secretary-General of UNCTAD on the broad objectives, the content and the structure of the regular training courses provided for in paragraph 166 of the Bangkok Plan of Action, and in particular on:

The general orientation and design of the syllabi of the regular courses in order to reflect UNCTAD's development perspective, the criteria for the selection of the trainers and trainees, and the preparation of the training materials;

The content of the courses in light of the evolving key development issues;

Cooperation with academic training and research institutions and independent experts of developed and developing countries and countries with economies in transition that may provide specialist expertise on the content of the courses;

Fund-raising possibilities, particularly through contacts with academic foundations and other national and international sources of finance, taking into account the necessary centralization of fund-raising functions in the Resources Management Service.

2. The Advisory Body may wish to invite experts to contribute to the discussions on certain aspects of its activities whenever necessary.

Composition of the Advisory Body

3. The Advisory Body will be composed of 15 members. Members will be appointed from among representatives of States member of UNCTAD. In their functions as members of the Advisory Body, they will act in their personal capacity. The term of office will be for one year. The geographical distribution of the members will be as follows: 6 from Group A, 3 from Group C, 4 from Group B and 2 from Group D.

4. The President of the Trade and Development Board will be a member of the Advisory Body and will preside over meetings of the Advisory Body.

Meetings of the Advisory Body

5. Meetings of the Advisory body will be convened by its President. The Advisory Body will hold at least two regular sessions per annum. The Body may hold additional meetings upon request of the Secretary-General of UNCTAD or of any member of the Body. Meetings will take place in Geneva in the UNCTAD secretariat.

6. The Focal Point for the implementation of paragraph 166 will act as secretary of the Advisory Body.

F. Other action taken on substantive items

1. *Technical cooperation activities*

Consideration of other relevant reports: report on UNCTAD's assistance to the Palestinian people

1. At its 916th plenary meeting, on 11 October 2000, the Trade and Development Board took note of the secretariat's report on UNCTAD's assistance to the Palestinian people

(TD/B/47/5) and of the statements made thereon and decided to submit the account of its discussion to the General Assembly in accordance with General Assembly decision 47/445. (For the account, see annex II.)

2. *Other matters in the field of trade and development*

Progressive development of the law of international trade: thirty-third annual report of the United Nations Commission on International Law

2. At its 917th plenary meeting, on 20 October 2000, the Board took note of the report of UNCITRAL on its thirty-third session (A/55/17).

3. *Other business*

Timing of the cycles of UNCTAD Conferences and the UN programme budget

3. At its 917th plenary meeting, on 20 October 2000, the Board decided that further consultations were needed and that the matter should be taken up at the monthly consultations of the President, with a final decision to be taken at an executive session of the Board.

Establishment of an Advisory Board in accordance with paragraph 166 of the Bangkok Plan of Action

4. Having adopted decision 463 (XLVII) on the implementation of paragraph 166, thereby establishing the Advisory Body, the Board mandated the President to receive nominations of individual members of the Advisory Body from the regional groups, to convey the nominations to the Secretary-General of UNCTAD and to inform the members of the Board of the names of the members of the Advisory Body.

Outcome of the Fourth United Nations Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices

5. At its 917th plenary meeting, on 20 October 2000, the Board was informed of the outcome of the Fourth United Nations Review Conference, in particular resolution TD/RBP/CONF.5/15. The recommendation to consider convening an Expert Meeting on Consumer Policy (TD/RBP/CONF.5/15, para. 4) was based on the understanding that that meeting would not be additional to the existing 10 expert meetings in the UNCTAD calendar of meetings.

II. PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

A. Opening of the session

1. The forty-seventh session of the Trade and Development Board was opened on 9 October 2000 by Mr. Philippe Petit (France), the outgoing President of the Board.

B. Election of officers

(Agenda item 1 (a))

2. At its 914th (opening) plenary meeting, on 9 October 2000, the Board elected by acclamation Mr. Camilo Reyes Rodriguez (Colombia) as President of the Board for the duration of its forty-seventh session.

3. Also at its opening plenary meeting, the Board completed the election of officers to serve on the Bureau of the Board throughout its forty-seventh session by electing 10 Vice-Presidents and the Rapporteur. Accordingly, the elected Bureau was as follows:

President: Mr. Camilo Reyes Rodriguez (Colombia)

Vice-Presidents: Mr. Andrea Negrotto Cambiaso (Italy)
Mr. Oguz Demiralp (Turkey)
Mrs. Absa Claud Diallo (Senegal)
Mr. Petko Draganov (Bulgaria)
Mr. Koichi Haraguchi (Japan)
Mr. Nathan Irumba (Uganda)
Mrs. Savitri Kunadi (India)
Mr. Roberto Lavagna (Argentina)
Mr. George e. Moose (United States of America)
Mr. Vasily Sidorov (Russian Federation)

Rapporteur: Ms. Uchanza Wichayachakorn (Thailand)

4. In accordance with past practice, the Board agreed that the regional coordinators and China, as well as the Chairmen of the Sessional Committees, would be fully associated with the work of the Bureau.

C. Adoption of the agenda and organization of the work of the session

(Agenda item 1 (b))

5. At its opening meeting, the Board adopted the provisional agenda for the session contained in TD/B/47/1 and Add.1. (For the agenda as adopted, see annex ... below).

6. At the same meeting, and in accordance with the organization of work for the session in TD/B/47/1, the Board established two sessional committees to consider and report on items on its agenda as follows:

Sessional Committee I:

Item 4: Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s: (a) the challenge of financing growth and development in least developed countries; (b) review of the status of the preparatory process for the Third United Nations Conference on Least Developed Countries

Sessional Committee II:

Item 5: UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: capital flows and growth in Africa

7. The following officers were elected to serve on the Bureau of Sessional Committee I:

Chairperson: Mr. J.M. Noirfalisse (Belgium)

Vice-Chairperson-*cum*-Rapporteur: Mr. Ali Abderahman Mahmoud (Sudan)

8. The following officers were elected to serve on the Bureau of Sessional Committee II:

Chairperson: Mrs. Fayza Abounaga (Egypt)

Vice-Chairperson-*cum*-Rapporteur: Ms. Yohanna Karanko (Finland)

D. Adoption of the report on credentials

(Agenda item 1 (c))

9. At its 917th plenary meeting, on 20 October 2000, the Board adopted the report of the Bureau on the credentials of representatives attending the forty-seventh session (TD/B/47/10).

E. Provisional agenda for the forty-eighth session of the Board

(Agenda item 1 (d))

10. The Board decided that, following past practice, the Secretary-General of UNCTAD would draw up a draft provisional agenda for the forty-eighth session of the Board and would present it to the Bureau at appropriate monthly consultations of the President of the Board.

F. Review of the calendar of meetings

(Agenda item 8 (a))

11. At its 917th plenary meeting, on 20 October 2000, the Board approved UNCTAD's calendar of meetings (TD/B/47/CRP.1).

G. Administrative and financial implications of the actions of the Board

(Agenda item 8 (b))

12. At the same meeting, the Board was informed that there were no additional financial implications for the current programme budget stemming from the actions taken at the forty-seventh session of the Board.

H. Adoption of the report

(Agenda item 10)

13. At its 917th plenary meeting, on 20 October 2000, the Board took note of the reports of Sessional Committee I (TD/B/47/SC.1/L.1 and Add.1 and 2 and L.2) and Sessional Committee II (TD/B/47/SC.2/L.1 and Add.1 and 2 and L.2) and decided to incorporate them in the final report of the Board on its forty-seventh session.

14. At the same meeting, the Board took note of the Chairman's summary on agenda item 3 (TD/B/47/L.7) and adopted the draft report on its forty-seventh session (TD/B/47/L.1 and Add.1-4), subject to any amendments that delegations might wish to make to the summaries of their statements. The Board further authorized the Rapporteur to complete the final report as appropriate and, under the authority of the President, to prepare the report of the Trade and Development Board to the General Assembly.

Annex I

AGENDA FOR THE FORTY-SEVENTH SESSION OF THE TRADE AND DEVELOPMENT BOARD

1. Procedural matters:
 - (a) Election of officers
 - (b) Adoption of the agenda and organization of the work of the session
 - (c) Adoption of the report on credentials
 - (d) Provisional agenda for the forty-eighth session of the Board
2. Segment for high-level participation: regional integration and the global economy
3. Interdependence and global economic issues from a trade and development perspective: crisis and recovery in emerging markets
4. Review of progress in the implementation of the Programme of Action for Least Developed Countries for the 1990s:
 - (a) The challenge of financing growth and development in least developed countries
 - (b) Review of the status of the preparatory process for the Third United Nations Conference on the Least Developed Countries
5. UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: capital flows and growth in Africa
6. Technical cooperation activities:
 - (a) Review of technical cooperation activities of UNCTAD
 - (b) Consideration of other relevant reports: Report on UNCTAD's assistance to the Palestinian people
7. Other matters in the field of trade and development:
 - Progressive development of the law of international trade: thirty-third annual report of the United Nations Commission on International Trade Law
8. Institutional, organizational, administrative and related matters:
 - (a) Review of the calendar of meetings
 - (b) Administrative and financial implications of the actions of the Board
9. Other business
 - (a) Timing of the cycles of UNCTAD Conferences and the UN programme budget;

- (b) Establishment of an advisory body in accordance with paragraph 166 of the Bangkok Plan of Action

10. Adoption of the report

Annex II

DISCUSSION IN THE TRADE AND DEVELOPMENT BOARD UNDER AGENDA ITEM 6 (b): REPORT ON UNCTAD'S ASSISTANCE TO THE PALESTINIAN PEOPLE

1. For its consideration of this item, the Board had before it the following documentation:

“Report on UNCTAD’s assistance to the Palestinian people” (TD/B/47/5).

2. The **Coordinator of the Assistance to the Palestinian People Unit** introduced the secretariat report on the item, which reviewed completed, ongoing and pending technical assistance activities and provided a brief account of recent aggregate Palestinian economic performance. He noted that UNCTAD’s work-programme of assistance to the Palestinian people was guided by the United Nations medium-term plan for 1998-2001 and by the Bangkok Plan of Action, which welcomed this assistance and called for it to be intensified. In this respect, UNCTAD had met the expectations of the General Assembly and the Conference by providing sustained and concrete assistance to the Palestinian people.

3. UNCTAD's technical assistance activities currently drew upon the range of substantive competencies of the secretariat, grouped within four major substantive areas. Including recently approved projects, by the end of 2000 the secretariat would have secured around 50 per cent of the total funds required to implement all related UNCTAD technical assistance proposals prepared since 1997. Working in close consultation with Palestine, the secretariat had made a number of proposals for technical assistance which had been positively received by several donors. He highlighted progress in several projects relating to key areas of Palestinian capacity building and strategic economic development: national and multilateral trade policy; debt management; support for small and medium-size enterprise development; macroeconomic analysis and simulation; subregional cooperation in trade facilitation; and, strengthening operational capacities in customs administration.

4. The structural problems facing the Palestinian economy, while not insurmountable, spanned a wide range of sectoral and macroeconomic issues and needs. While the post-interim-period political and economic framework should permit a more systematic effort to reorient economic policies, the continued availability of external resources would remain crucial to sustaining the reconstruction and development programme over the coming decade. Enhanced management of external and domestic resources called for a sustained and vigorous commitment by the Palestinian Authority to its recently announced economic reform programme, which the international community had endorsed. He concluded by noting that many tasks remained and the cooperation of all concerned parties and agencies was required if the Palestinian economy was to succeed in breaking away from its adverse legacy. Even in the best of political and security circumstances, this would continue to engage the special

attention of the international community for several years to come. UNCTAD could only hope to contribute selectively to the successful elaboration and implementation of the emerging Palestinian strategic development policy in those areas where the secretariat had established competencies and a successful track record. For this effort to proceed and succeed, and for UNCTAD's assistance to reach its target, the requisite stability on the ground and confidence in the prospects for peace and development must be restored.

5. The representative of **Palestine** said that he deeply appreciated the outstanding efforts of the UNCTAD secretariat in providing assistance to the Palestinian people, and he welcomed the report on UNCTAD's technical assistance projects in this regard. However, it was unfortunate that these efforts could be in vain as a result of the war waged by Israel against the Palestinian people in the occupied territory. During the assault of the last two weeks, in which tanks and heavy weapons had been used, more than 100 Palestinians had been killed and 2,000 injured. The continued military siege of Palestinian cities, villages and camps also besieged the economy and undermined its development and prosperity. Thus, Israel had aborted many UNCTAD projects that aimed to provide the foundation for a strong and independent Palestinian economy. If not halted, this vicious war would have a negative impact on UNCTAD's projects in the future.

6. The Board's session should have been an occasion on which the secretariat was congratulated on its efforts and engaged in a constructive dialogue. But the blow struck by Israel, the occupying power, against the peace process was also a blow against the Palestinian economy and infrastructure, which had suffered from 32 years of destructive Israeli policies. The Palestinian people were awaiting justice from the international community and were expecting solidarity with the martyrs who had been killed at the hands of Israeli soldiers and settlers who did not want prosperity, development, peace or stability. Occupation could not provide the conditions for development, but rather it increased anger, pain and destruction in the occupied homeland. The Palestinian people, in all their sectors and wherever they lived, were determined to resist, in order to regain their legitimate national rights, at the forefront of which was the right to self-determination and establishment of their independent state with Holy Jerusalem as its capital.

7. He concluded by stating that the memory of the Palestinian people was replete with tragedies and agonies, despite which they had hoped for a peace which restored their rights. However, the recent blow struck by Israel had dashed these hopes. Now, the sacrifices of the Palestinian people and the martyrs of the Holy Aqsa had become signposts that lit the way from occupation to liberation, independence and the true and accurate application of international legitimacy so as to achieve a just, comprehensive and lasting solution of the question of Palestine.

8. The representative of the **Islamic Republic of Iran**, speaking on behalf of the **Group of 77 and China**, noted that his Group, as the primary initiator of UNCTAD's work-programme on assistance to the Palestinian people, had followed closely the secretariat's progress in implementing this mandate. He was gratified that, despite many difficulties over

the years, this work had matured into a fully operational programme of technical assistance activities, growing out of a solid base of research and analytical expertise. The Bangkok Plan of Action reflected a consensus at UNCTAD for the first time regarding the importance of this programme and calling for it to be intensified.

9. UNCTAD was now a full partner with the Palestinian Authority and international agencies active in providing assistance to the Palestinian people, providing a diverse package of UNCTAD technical assistance activities grouped under four programmes. This approach was not only well in line with UNCTAD's substantive and technical capacities, but also reflected the wide range of development assistance needs of the Palestinian people as they moved to build their economy after many years of occupation.

10. He warmly congratulated the secretariat on its persistence and innovation in making use of limited resources to deliver maximum benefits to the Palestinian people. In a number of critical areas for the development of the Palestinian economy, the secretariat was providing the Palestinian Authority with valuable advice and technical support which complemented and enhanced the other elements of international technical assistance in this area.

11. The report before the Board correctly noted that the Palestinian economy suffered from the adverse consequences of prolonged occupation and continued to feature a number of longstanding imbalances and structural weaknesses. While recent years had permitted a new policy framework to be adopted to allow for some improvement in economic conditions, the promises of the interim period were unmet, and it had taken several years for the economy to recover from the shocks of the mid-1990s. The Palestinian people still had a long way to go in rebuilding and developing their economy and breaking out of their isolation from regional and global trends. The support of UNCTAD and its continued commitment to assisting the Palestinian people would therefore be vital.

12. Nevertheless, real development could not occur under conditions of military occupation and constant strife. The recent tragic events in the occupied Palestinian territory and the dangers of a wider conflict only served to confirm that belief. Until the Palestinian people were able to establish the independent state of Palestine and exercise their right to self determination, the vicious cycle of violence and instability would only be reinforced and the prospects for peace and development would remain dim. As the world prayed for a peaceful resolution of the conflict, he too hoped that circumstances would soon improve so that UNCTAD was able to pursue its important activities of assistance to the Palestinian people. In conclusion, he expressed sincere appreciation for the significant extrabudgetary support provided for the benefit of the Palestinian people by a number of donor States. He hoped that new donors would soon join them, so as to provide all the resources needed to implement the secretariat's programme of assistance.

13. The representative of the **Islamic Republic of Iran** considered it regrettable to have to consider UNCTAD's report on assistance to the Palestinian people while Palestinians were being killed by Israel. The declaration of the recent Millennium Summit of the United

Nations stated that no nation should be deprived of its right to development. Yet today the Palestinian nation was not only being deprived of that right but was also being subjected to much brutality. UNCTAD's assistance to the Palestinian people was highly appreciated, and this was confirmed by the Bangkok Plan of Action, which provided further support for this programme. He expressed grave concern and condemnation of the atrocities being committed against the Palestinian people, which among other things would adversely affect the development-oriented activities of the UNCTAD secretariat in this area.

14. The representative of the **League of Arab States** welcomed the secretariat report on activities to assist the Palestinian people in building the economic, commercial and service structures required to improve living standards and eliminate the adverse impact of decades of occupation, which had deprived them of basic requirements, growth and development. The report also highlighted areas of cooperation between UNCTAD and the Palestinian Authority, in regard to which several observations were pertinent. In particular, he noted the special circumstances faced by the Palestinian economy, which had had to start from a weak position. It was emerging from an occupation that had sapped its vitality and deprived all walks of life of the opportunity for normal growth, creating unemployment, poverty and isolation from the external environment.

15. International trade required free movement of goods and services, and indeed globalization was considered by some to imply the erasure of borders through increased trade exchanges and the movement of capital. The European Union had recently reaffirmed the importance it attached to the establishment of a Euro-Mediterranean free trade area, and it was unacceptable that the Palestinian people should be excluded from benefiting from such developments. It was unrealistic to speak of Palestinian trade in such circumstances of isolation and restriction. In the face of such a contradiction between theory and practice, it was unthinkable that the Palestinian Authority could fulfil its trade commitments towards the European Union or be able to integrate into the global economy.

16. He appreciated the many technical cooperation projects that the secretariat report had reviewed, including studies, reports and advice on various issues. However, such assistance, while necessary in order to permit economic take-off, was insufficient if not followed up by concrete measures on the ground and realistic perspectives that would enable the Palestinian people to enjoy the freedom and dignity shared by all peoples. There was an organic link between security and peace on the one hand and development on the other. The Palestinian people and the region as a whole needed a real, balanced and lasting peace to be able to move forward towards social prosperity, harmony and mutual respect. The climate of tension resulting from dangerous Israeli actions, including killing of defenceless children, had impaired development activities and threatened the human resource base of present and future Palestinian generations. Peace was the cornerstone for any development or any future assistance in support of the Palestinian people and the region.

17. The representative of **Egypt** said that this year's deliberations on this item were overshadowed by the bloody events witnessed in the occupied Palestinian territory and the

brutal attacks against Palestinians. For two weeks, the Israeli occupation army had been killing the children and youth of Palestine who had risen up against irresponsible acts aimed at provoking Arabs and Muslims everywhere and thus demonstrated their willingness to die for their beliefs, their right to a homeland, their holy places and the establishment of their state. The brutal treatment of the Palestinian people cast doubt on the real value of the efforts that had been expended for the past decade to end the Palestinian bloodbath and to offer some future for the generation of Palestinians who had experienced nothing but harsh Israeli occupation. She saluted the Palestinian people, who once again had shown the world that they would not compromise on their legitimate rights.

18. She thanked the Assistance to Palestinian People Unit for the comprehensive and systematic report on its recent activities. The report showed that the features of Palestinian economic growth that had arisen under occupation still prevailed, despite the efforts exerted over the interim period. In this regard she highlighted a number of points mentioned in the report which reflected both longstanding structural problems as well as some recent marginal improvements. She agreed with the secretariat that the post-interim period would allow for a major reorientation of economic policies, while the tasks of reconstruction and development would still call for significant external resources.

19. She also commended the secretariat on its approach to programme implementation in this area through flexible delivery modalities, mobilization of support from substantive divisions, the serious steps taken to appoint a Coordinator for the programme, and the growing inter-agency cooperation. While she noted with appreciation the increased support of donors for this programme, she was alarmed that a large deficit remained between required expenditures and available resources. In conclusion, she stated that continued efforts were expected from UNCTAD to assist the Palestinian people in designing economic policies and establishing an effective national administration in the areas of trade, finance and related services. The experience gained in recent years had increased the capacity of the secretariat to intensify these efforts, a move that she strongly encouraged.

20. The representative of **France**, speaking on behalf of the **European Union**, said that the secretariat report was very instructive, as it made it possible to identify some progress. This was a source for hope, despite the scale of the difficulties the report mentioned. He hoped that the Palestinian economy, while still very vulnerable, could be restructured and that trade exchanges within the subregion could be developed. That would depend on the belief that there was a real possibility to arrive at a just, lasting and comprehensive peace in the Middle East on the basis of the principles established in Madrid, Oslo and the subsequent accords and in conformity with the pertinent United Nations resolutions.

21. Despite the current dramatic events, this work of UNCTAD, which was part of the broader efforts of United Nations agencies in support of the Palestinian people, had fully maintained its usefulness. It was designed to train people, reinforce institutional capacities, improve the management of the macro economy, develop small and medium-size enterprises and support trade. In the areas of its competence, UNCTAD had initiated assistance that was

carefully planned, well targeted and demand-driven. Such assistance could support the development of the local economy and help the Palestinian Authority to better serve its people. It thus prepared the ground for the peace that he believed was still possible.

22. The European Union had been the main donor for the Palestinian people since 1994, providing grants for basic needs and loans, and it was also the main extra-regional trade partner of the Palestinian Authority. In concluding, he noted that the Council of Europe had just reaffirmed that, for two peoples that had to coexist, there was no way forward except to resume peace negotiations, and in that connection the Israelis and Palestinians had recently overcome obstacles which had been considered insurmountable. In this critical period, every effort must be made to ensure that fear, hatred and violence did not prevail and that the dialogue for peace could resume.

23. The representative of **Sudan** said that dangerous developments had taken place in the occupied Palestinian territory in the form of barbaric attacks against the Palestinian people by the Israeli army. This could only reflect negatively on the Board's deliberations on the item this year. These developments demonstrated that the Israeli mentality had still not absorbed the lessons of history, and the Palestinian people's commitment to their land, holy places and right to an independent homeland could never justify such brutality and violence. He saluted the Palestinian people, who had again demonstrated the strength of their conviction concerning the justice of their cause and their determination to regain their rights.

24. The report before the Board showed that the economic situation in the occupied territory had not improved as promised and that it continued to suffer from the obstacles and imbalances caused by Israeli occupation. This deterioration confirmed the fact that there could be no social or economic development under occupation. He was confident that, once circumstances again permitted, the Palestinian economy would have the potential to develop independently, far from Israeli hegemony. The report clearly showed how well prepared the secretariat was to contribute to this effort, as it had undertaken a range of activities to help pave the way for the coming stage of Palestinian independence. The secretariat's programme of activities reflected a sound technical sense and represented a sensitive response to Palestinian development requirements. He appreciated the positive role of donor States so far, and he called for additional support for this programme.

25. The representative of **China** expressed appreciation for the report prepared by the secretariat in an important area of work of UNCTAD. The work of the secretariat over the year had promoted the trade and development of Palestine. Adverse conditions over a prolonged period had reduced the economic prospects of the Palestinian people, but he appreciated the unremitting efforts of the Palestinian people to develop their economy, with the support of the international community.

26. UNCTAD's assistance had evolved over the years, thus facilitating the process of regional and global integration of the Palestinian economy. UNCTAD's assistance in developing the economic policy and regulatory framework had helped to keep economic

development in line with the development of the Palestinian society as a whole. UNCTAD's projects were most useful and reflected the long-term efforts that were needed to address chronic problems. He regretted that it had not been possible for a number of projects to commence owing to budgetary limitations. He noted that, as recent events had again shown, the external environment was responsible for many of the remaining problems facing the Palestinian economy. In concluding he stressed that an independent Palestinian state was necessary to ensure development of the Palestinian economy, and the international community must provide the necessary support.

27. The representative of **Pakistan** said that the discussion on UNCTAD's assistance to the Palestinian people was taking place at a sombre time. The Palestinian's hopes to secure a modicum of development and growth and to realize modest benefits from the interim phase were again being brutally thwarted. The international community again watched with despair and shock the unraveling of painstaking efforts to assist the Palestinian people to embark upon a path of sustained development. The secretariat's report was extremely instructive, especially in that it clearly brought out the extremely difficult policy environment in which the Palestinian people sought to fulfil their developmental aspirations.

28. The report highlighted the fact that the Palestinian people were still locked into a situation where they could not rely upon their own capacities to develop because of an inhibiting environment. While recent years had seen some growth, the report correctly noted that such growth spurts had already been seen in the past, only to be followed by steep decline owing to the economy's vulnerability to external pressures and shocks. Tragically, once again the Palestinian economy was being subjected to a similar shock and thus the report's optimism regarding the prospects for a systematic effort to reorient macroeconomic policies would appear to be misplaced. In such a situation, the specific assistance activities by UNCTAD for the Palestinian people were laudable, but their effectiveness and durability were not certain. Recent events had borne out the need for a more unflinching assessment of the policy environment in which the Palestinian people sought to advance economically.

29. Finally, the international community needed to acknowledge the indivisibility of a just peace and meaningful development. It was unacceptable that the Palestinian people should have to pursue their efforts to develop in a situation where these efforts could be swept away by the arbitrary and callous actions of the occupying power. The international community needed to recognize that its efforts to assist the Palestinian people would lead nowhere if these efforts took place in an occupier-occupied framework. Discussions on technical assistance would appear farcical to the people of Palestine if they continued to take place in a context where children got shot and young people confronted death and incarceration.

30. The representative of **Israel** said that, in discussions on this agenda item in previous years, his delegation had always tried to focus on the matter at hand, despite attempts by others to use the opportunity to further political goals not directly related to UNCTAD. In light of the renewed introduction of political issues into the Board's deliberations and because of the gravity of the situation in the Middle East, he was obliged to outline briefly the

position of the Government of Israel regarding the Middle East peace process and the events of recent days.

31. Israel was committed to reaching a comprehensive peace in the Middle East and had done its utmost to further peace negotiations. In negotiations with the Palestinians, and especially during the Camp David Summit, Israel had made far-reaching proposals, making a supreme effort to move towards conclusion of the conflict. This position was fully appreciated by world leaders. The moment of truth had now arrived, and it was time for leaders of both parties to make bold and courageous decisions. However, the Palestinian side seemed to have chosen another route, that of violence.

32. Israel would not make further concessions as a result of violent pressure, and the only way to reach agreement with its Palestinian neighbours would be at the negotiating table. Despite repeated calls by Israel, a clear, unequivocal and authoritative Palestinian statement calling upon the Palestinians to cease hostilities had yet to be heard. Israeli security forces and civilians had been exposed to hundreds of attacks across the West Bank and Gaza, while instructions to Israeli forces had been unequivocal in insisting upon the minimum use of violence.

33. He was hopeful that wisdom and caution would prevail and that Israel's neighbours would issue clear instructions to calm the situation down and then return to the negotiating table. However, rather than calls for restoring calm, just the opposite had been witnessed so far. Nevertheless, he hoped that the violence would soon be left behind and that it would be possible to return to the negotiating table and renew the efforts, which had begun with the 1993 Oslo Accords and which had culminated at the Camp David Summit.

34. He went on to state that Israel welcomed the report prepared by the secretariat on this item. With a few exceptions, it was evident that the report was professional, and he congratulated the secretariat for this attitude, which he hoped would continue in the future. Israel strongly supported the strengthening of the Palestinian economy and infrastructure, and had been working together with the Palestinians to further this goal. He noted the different areas of economic cooperation between the parties, including through employment of Palestinians in Israel, significant trade flows between the partners, the creation of industrial parks, and training of Palestinian professionals in various fields.

35. In conclusion, he stated that even during the tragic events of the last few days, Israel had tried to allow the economic environment to function as normally as possible. The Secretary-General of the United Nations and other world leaders were working around the clock in order to get the peace process back on track. Only through negotiations and dialogue could a lasting, comprehensive peace be achieved, which would have a tremendous impact on the issue under discussion today, namely the economic development of the Palestinians.

36. The representative of the **United States of America** said that his delegation associated itself with the supportive comments made on UNCTAD's efforts to assist the

Palestinian people. This was an endeavour that had the complete support of the United States of America, which had a complementary programme of assistance to the Palestinian people. He also agreed with the statements by the League of Arab States and Egypt to the effect that real lasting peace was necessary for development. His country called upon all parties in the region to join in resuming the peace process with a view to achieving a real and lasting peace in the Middle East, and it would continue to do its best to contribute to the success of that process for the benefit of all peoples in the region. He hoped that the current efforts of the United Nations Secretary-General and other world leaders would soon lead to a solution that would offer continued economic growth for the Palestinian people and their neighbours.

37. The representative of **Cuba** voiced serious concern about the disparity between events in the occupied Palestinian territory and the picture drawn by the secretariat report. While the report did not give reason for much optimism, it showed that UNCTAD and the international community were making efforts for the development of the Palestinian people. There was a contradiction between the contents of the secretariat report and actual events on the ground. As long as the rights of the Palestinian people were not respected, and as long as the Palestinians continued to be denied justice and to be attacked, they would not be able to benefit from such efforts.