

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

**Report of the Trade and Development Board  
on its forty-eighth session**

held at the Palais des Nations, Geneva,  
from 1 to 12 October 2001

Volume I

**Report to the United Nations General Assembly**



**UNITED NATIONS**



Dist.  
GENERAL

TD/B/48/18 (Vol.I)  
19 October 2001

Original: ENGLISH

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## CONTENTS

Chapter	Page
INTRODUCTION .....	5
<b>I. ACTION BY THE TRADE AND DEVELOPMENT BOARD ON SUBSTANTIVE ITEMS ON ITS AGENDA</b>	
A. The Programme of Action for the Least Developed Countries for the Decade 2001-2010 (agenda item 3).....	6
Decision 467 (XLVIII).....	6
B. UNCTAD's contribution to the final review and appraisal of the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: Economic development in Africa: Performance, prospects and policy issues (agenda item 4) .....	7
Agreed conclusions 468 (XLVIII) .....	7
C. Review of technical cooperation activities of UNCTAD (agenda item 5 (a)) .....	10
Decision 469 (XLVIII).....	10
D. Other action taken on substantive items.....	10
1. Review of technical cooperation activities of UNCTAD (agenda item 5 (a)) .....	11
2. Consideration of other relevant reports: Report on UNCTAD's assistance to the Palestinian people (agenda item 5(b)) .....	11
3. Specific Actions related to the particular needs and problems of land-locked developing countries: Report of the Fifth Meeting of Governmental Experts (Agenda item 6(a)).....	11
4. Progressive development of the law of international trade: thirty-fourth annual report of the United Nations Commission on International Trade Law (agenda item 6(b)).....	12
5. Preparatory process for the Mid-term Review in 2002 .....	12
6. Follow-up paragraph 166 of the Bangkok Plan of Action.....	13
7. Nobel Peace Prize.....	13

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

A. Opening of the session .....	14
B. Election of officers (agenda item 1 (a)).....	14
C. Adoption of the agenda and organization of the work of the session (agenda item 1 (b)).....	15
D. Adoption of the report on credentials (agenda item 1 (c)) .....	15
E. Provisional agenda for the forty-ninth session of the Board (agenda item 1 (d)).....	16
F. Review of the calendar of meetings (agenda item 7 (b)) .....	16
G. Membership of the United Nations Conference on Trade and Development and the Trade and Development Board (agenda item 7 (c)).....	16
H. Membership of the Working Part for the year 2002 (agenda item 7 (d)).....	16
I. Administrative and financial implications of the actions of the Board (agenda item 7 (e)).....	16
J. Adoption of the report (agenda item 9).....	17

**Annexes**

I. Agenda for the forty-eighth session of the Trade and Development Board.....	18
II. Discussion in the Trade and Development Board under agenda item 5 (b): Consideration of other relevant reports: report on UNCTAD's assistance to the Palestinian people .....	20

## INTRODUCTION

(i) The forty-eighth session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 1 to 12 October 2001. In the course of the session, the Board held five plenary meetings – the 921<sup>st</sup> to 925<sup>th</sup> 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 (section I) and procedural, institutional, organizational and administrative matters (section II).

(iii) Volume II of the report of the Board on its forty-eighth session – to be issued subsequently in TD/B/48/18 (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. The Programme of Action for the Least Developed Countries  
for the Decade 2001-2010**

(Agenda item 3)

**Decision 467 (XLVIII)**

*The Trade and Development Board,*

1. *Welcomes* the adoption of the Brussels Declaration and the Programme of Action for the Least Developed Countries for the Decade 2001–2010 by the Third United Nations Conference on the Least Developed Countries, held in Brussels from 14 to 20 May 2001;<sup>1</sup>

2. *Notes with satisfaction* that the Programme of Action is based on mutual commitments by LDCs and their development partners to undertake concrete actions in a number of interlinked areas set out in the Programme of Action;

3. *Expresses* appreciation to the international community for its efforts in supporting the development of LDCs and *emphasizes* the importance of the mobilization of both domestic and international resources for the full and effective implementation of the Programme of Action by all stakeholders as a matter of urgency to significantly improve the human conditions of the people of the LDCs during the present decade;

4. *Accepts* the invitation extended by the Third United Nations Conference on the Least Developed Countries in paragraph 113 of the Programme of Action to consider converting its Sessional Committee on LDCs into a Standing Committee;

5. *Resolves to fully consider* the conversion of the Sessional Committee on LDCs to a Standing Committee or other appropriate changes to the UNCTAD intergovernmental machinery to increase the focus of UNCTAD's work on LDCs as an important part of implementing the Brussels Programme of Action;

6. *Decides* for that purpose to begin specific consultations on the above issue, in the context of the examination of UNCTAD's intergovernmental machinery taking place in preparation for the Mid-Term Review of UNCTAD X, with a view to making a decision on this issue at the Mid-Term Review, based on the follow-up mechanisms as decided by the General Assembly;

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<sup>1</sup> For the Brussels Declaration, see A/CONF.191/12. For the Programme of Action, see A/CONF.191/11.

7. *Takes note* of the reports submitted by the UNCTAD secretariat, *welcomes* the initial steps being taken by the secretariat, since the Conference, pursuant to its mandate concerning the implementation of the Programme of Action, and *welcomes* the efforts of the UNCTAD secretariat to develop a “roadmap” which would be useful in this regard;

8. *Expresses* appreciation to the organizations and agencies which have reported on the activities they are undertaking to implement the Programme of Action within their respective areas of competence;

9. *Notes* that the data which are internationally available to monitor progress toward the development goals and targets contained in the Programme of Action need further improvement in terms of the coverage of least developed countries, their quality and their timeliness, particularly in relation to the overarching goal of poverty eradication, and *recommends* that these problems and the need to monitor the totality of the Programme of Action should be brought to the attention of the United Nations agencies and other international organizations in their relevant spheres of competence, as well as to the Economic and Social Council and the General Assembly;

10. *Notes* the progress made to date in the implementation of the Integrated Framework Pilot Scheme as part of the new arrangements for revitalizing the Integrated Framework and *welcomes* the renewed commitment and support extended by donors through the pledges made to the Integrated Framework Trust Fund, and *invites* new and additional contributions to the Integrated Framework Trust Fund in keeping with the spirit of the commitments undertaken in the Programme of Action.

*925<sup>th</sup> plenary meeting  
12 October 2001*

**B. UNCTAD’s contribution to the final review and appraisal of the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: Economic development in Africa: Performance, prospects and policy issues**

(Agenda item 4)

**Agreed conclusions 468 (XLVIII)**

Recalling United Nations General Assembly resolution 55/182 requesting *inter alia* the initiation by UNCTAD of a contribution, in areas falling within its mandate, to the preparatory process for the final review and appraisal of the implementation of the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF), in particular focusing on market access, diversification and supply capacity, resource flows and external debt, foreign direct and portfolio investment and access to technology, with a special emphasis on African trade issues, for the consideration of the General Assembly at its fifty-sixth session;

Taking note of the report by the UNCTAD secretariat entitled *Economic Development in Africa: Performance, Prospects and Policy Issues* (TD/B/48/12), where it is stated that, generally, poverty has increased in the continent and that gross domestic product growth rates are half the annual average growth target of 6 per cent set by the UN-NADAF; real per capita incomes are today 10 per cent below the levels reached in 1980; savings and investment rates remain far below levels required for sustainable growth in the region and for attaining the objective of reducing poverty by half by the year 2015; Africa's share of world trade has fallen dramatically in the past decade, and the continent's terms of trade are 50 per cent lower than in 1980, owing principally to commodity dependence; foreign direct investment remains at less than 1 per cent of world totals and is not expected to fill the resource gap; despite the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative, African countries remain highly indebted; official development assistance (ODA) has fallen to historically low levels, representing about one third of United Nations targets;

The Trade and Development Board, subsequent to discussions undertaken in its Sessional Committee II, adopts the following conclusions:

1. Africa continues to face serious economic, social and health problems and only a few African countries have met the UN-NADAF targets and goals. There are many reasons, both domestic and external, for this disappointing performance. The Trade and Development Board calls on the international community to support African countries in their renewed efforts to address the many problems that remain.
2. In order to place Africa on a sustainable growth path towards achievement of the internationally agreed target of reducing poverty by half by the year 2015, greater coherence is needed among policies regarding African development at the national, regional and international levels. In this connection, the Trade and Development Board welcomes the New African Initiative adopted by the Heads of State and Government at the Summit of the Organization of African Unity held in Lusaka in July 2001.
3. Through the New African Initiative, African leaders have drawn a road map for a new relationship between Africa and its development partners based on guiding principles which include a focus on African ownership of development goals, objectives and policies; the mutual responsibility of African countries and their development partners for achieving shared objectives; the provision of long-term donor support, taking into account the diversity that exists within and among African countries; and a bold and comprehensive plan for Africa's irreversible emergence from its current fragile state. The New African Initiative testifies to the determined effort by Africans to shape their own destiny through economic and social development, principles of democracy, good and participatory governance, clear standards of accountability and peaceful settlement of disputes, as well as the undertaking of reforms based on a coherent framework and better policy coordination.
4. The urgent mobilization of domestic and external resources is required if African countries are to reverse the rising tide of poverty. The Trade and Development Board calls for renewed and strengthened efforts by developed countries to meet as soon as possible the ODA target of 0.7 per cent of their gross national product (GNP) and the target of earmarking

0.15 per cent to 0.20 per cent of GNP for the least developed countries, as agreed. Over the longer term, private capital flows and domestic savings should replace official financing, thereby reducing the aid dependence of African countries. The Trade and Development Board notes in particular that considerable additional resources will be required in order to deal with the devastating HIV/AIDS pandemic in Africa and in this regard welcomes the recent establishment of the Global AIDS and Health Fund.

5. The debt burden for several African countries is not sustainable. More needs to be done to achieve sustainable solutions. In this context, the Trade and Development Board urges the full, speedy and effective implementation of the Enhanced HIPC Initiative for eligible African countries through the provision of new and additional resources, as needed, and the adoption by eligible countries of the policy measures required in order to join the Initiative, while stressing the importance of continued flexibility with regard to the eligibility criteria for the Enhanced HIPC Initiative, in particular for countries in post-conflict situations.

6. Measures to deal with resource requirements should be incorporated into a comprehensive development approach which could considerably increase the capacity of African countries to export and to augment their share in international trade transactions. In this connection, recent market access initiatives such as the “Everything but Arms” initiative and the African Growth and Opportunity Act are welcome. Nevertheless, there is considerable scope for increasing Africa’s share of world trade by further reducing barriers, including tariff and non-tariff measures. The full and effective implementation of the existing provisions for special and differential treatment in WTO agreements and decisions would help African countries to diversify their commodity economies. Improved market access should be supplemented with specific capacity development programmes to help countries diversify exports and improve the competitiveness of their firms.

7. In this connection, in order to overcome the adverse effects of volatility of commodity prices, the international community should study ways to deal with the problem of declining commodity prices and their impact on African development.

8. Structural adjustment programmes have not had the expected outcome, and the Trade and Development Board, while welcoming the new emphasis of such programmes on poverty reduction, encourages continued attention to be paid to external factors as well as to shortcomings of domestic markets and enterprises, human capital and physical infrastructure, institutions and income distribution.

9. The report entitled *Economic Development in Africa: Performance, Prospects and Policy Issues* and a summary of the Board's discussions of the report should serve as an input to the final review and appraisal of the implementation of the UN-NADAF, as well as to the preparations for the international conference on Financing for Development. The Trade and Development Board requests that the above conclusions and the report by the secretariat be brought to the attention of the General Assembly at its fifty-sixth session, as requested.

925<sup>th</sup> plenary meeting  
12 October 2001

### C. Review of technical cooperation activities of UNCTAD

(Agenda item 5(a))

#### Decision 469 (XLVIII)

*The Trade and Development Board,*

1. *Takes note with appreciation* of the report on technical cooperation activities of UNCTAD and their financing (TD/B/48/5 and Add. 1-2), as well as the indicative plan of UNCTAD's technical cooperation for 2002;

2. *Notes with satisfaction* improvements in the quality of the reports, and *requests* that comments and suggestions made at the thirty-eighth session of the Working Party be taken into account in the preparation of future reports;

3. *Notes with interest* the increase in the level of bilateral and multilateral contributions to UNCTAD trust funds, *expresses its appreciation* to bilateral and multilateral donors for their contributions, and *invites* all bilateral and multilateral donors to consider increasing their contributions to UNCTAD trust funds for developing countries and in particular in favour of Africa, which is a host of 34 of the 49 LDCs;

4. *Emphasizes* the importance of predictability of funding and the sustainability of UNCTAD's technical cooperation programmes, and in this regard *encourages* multi-year contributions;

5. *Welcomes* improvements in the utilization of developing countries' human capital in the implementation of technical cooperation activities, and *calls for* further geographical diversification of consultants and experts, especially in favour of developing countries;

6. *Requests* the UNCTAD secretariat to play its role in combined international efforts to assist developing countries to derive full benefits from trade and to reduce poverty through, *inter alia*, mainstreaming trade into development strategies and enhanced

partnership with other agencies involved in delivering trade-related technical assistance, especially for LDCs in the context of the Integrated Framework;

7. *Requests* the secretariat to continue to work on consolidation and clustering of technical cooperation activities;

8. *Welcomes and underlines the importance* of the secretariat's initiative to conduct an internal review of technical cooperation with a view to enhancing the impact of technical cooperation activities, making the different components of programmes more cohesive and streamlining operational procedures to ensure greater efficiency and better results, and *requests* the Secretary-General of UNCTAD to present the results of the internal review to the mid-term review for discussion;

9. *Reiterates* its request, as expressed in Board decision 461 (XLVII), with regard to translation of documents in all official languages.

924<sup>th</sup> plenary meeting  
4 October 2001

#### **D. Other action taken on substantive items**

##### **1. Review of technical cooperation activities of UNCTAD (Agenda item 5(a))**

1. At its 924<sup>th</sup> plenary meeting, on 4 October 2001, the Board took note of the report of the Chairman of the Working Party on the Medium-term Plan and the Programme Budget at its thirty-eighth session, the statements made by delegations to the Board, and the secretariat documentation. It adopted draft decision TD/B/48/L.1, and endorsed the outcome of the thirty-eighth session of the Working Party. (For the text of the decision, see part I, section C, above.)

##### **2. Consideration of other relevant reports: Report on UNCTAD's assistance to the Palestinian people (Agenda item 5(b))**

2. At its 924<sup>th</sup> plenary meeting, on 4 October 2001, the Board took note of the secretariat's report on UNCTAD's assistance to the Palestinian people (TD/B/48/9) 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 of the discussion, see annex II below.)

##### **3. Specific actions related to the particular needs and problems of land-locked developing countries: Report of the Fifth Meeting of Governmental Experts (Agenda item 6(a))**

3. At its 924<sup>th</sup> plenary meeting, on 4 October 2001, the Board took note of the progress report by the UNCTAD secretariat (TD/B/48/13), the report of the Fifth Meeting of Governmental Experts (TD/B/48/10), and the statements made thereon, endorsed the

conclusions and recommendations of the Meeting, and decided to recommend them to the General Assembly at its fifty-sixth session, in accordance with General Assembly resolution 54/199.

**4. Progressive development of the law of international trade: thirty-fourth annual report of the United Nations Commission on International Trade Law (Agenda item 6(b))**

4. At its 924<sup>th</sup> plenary meeting, on 4 October 2001, the Board took note of the report of UNCITRAL on the work of its thirty-fourth session (A/56/17).

**5. Preparatory process for the Mid-term Review in 2002 (agenda item 7(a))**

5. At its 925<sup>th</sup> plenary meeting, on 12 October 2001, the Board, acting on the recommendation of the Bureau, agreed to the recommendations of the secretariat in document TD/B/48/CRP.1, and specifically agreed:

- (a) To endorse the offer of Thailand to host the Mid-term Review in Bangkok;
- (b) To approve the basic modalities of the Mid-term Review process, as outlined in document TD/B/48/CRP.1, that is to say three interrelated but distinct pillars, namely: (i) a review of the efficiency and functioning of the intergovernmental machinery; (ii) stocktaking in respect of the implementation of the commitments and work programme agreed to in the Bangkok Plan of Action (TD/386); and (iii) interactive debates and policy dialogue in the context of opportunities and challenges of new policy developments of importance since UNCTAD X;
- (c) To approve the timetable set out in document TD/B/48/CRP.1, namely the three official slots allocated for formal consultations, and the Mid-term Review in the week of 29 April to 3 May 2002 in Bangkok, as reflected in the UNCTAD calendar of meetings (TD/B/INF.197). Each set of formal consultations would be preceded by informal open-ended consultations.

6. The Board further agreed on the following procedures for the preparatory process for the Mid-term Review:

- (a) At the request of the President of Board, three Vice-Presidents would assist him in the preparatory work, as follows:
  - i. On the intergovernmental machinery – Mr. Federico Alberto Cuello Camilo (Dominican Republic);
  - ii. On the stocktaking of the implementation of the work programme based on indicators of achievements – Mrs. Eleanor M. Fuller (United Kingdom);

- iii. On the interactive debates and policy dialogue in the context of opportunities and challenges of new policy developments of importance since UNCTAD X – Mr. Virasakdi Futrakul (Thailand).
- (b) These Vice-Presidents, each within his or her mandate, would hold open-ended informal consultations that would begin soon in order to prepare for the formal consultations that would take place in 2002. The first formal consultations were scheduled to be held around the end of January 2002;
- (c) The two Vice-Presidents in charge of the intergovernmental machinery and stocktaking would make every effort to conclude their work prior to the Mid-term Review in Bangkok; and
- (d) The President would meet regularly with the three Vice-Presidents to review progress and report to his monthly consultations.

**6. Follow-up to paragraph 166 of the Bangkok Plan of Action (agenda item 8)**

7. At its 925<sup>th</sup> plenary meeting, on 12 October 2001, the Board appointed the members of the Advisory Body set up in implementation of paragraph 166 of the Bangkok Plan of Action, as follows: Mr. Camilo Reyes Rodríguez (Colombia); Mr Carlos Pérez del Castillo (Uruguay); Mr. Jorge Voto-Bernales (Peru); Mr. Savitri Kunadi (India); Mr. Ali Khorram (Islamic Republic of Iran); Mr. Rajmah Hussain (Malaysia); Mr. Nacer Benjelloun-Touimi (Morocco); Mr. Fisseha Yimer Aboye (Ethiopia); Mr. Ali Said Mchumo (United Republic of Tanzania); Mr. Vasily Sidorov (Russian Federation); Mr. Vladimir Malevich (Belarus); Mr. Pierre Louis Girard (Switzerland); Mr. Joaquín Pérez-Villanueva y Tovar (Spain); Mr. Knut Langeland (Norway); and Mr. Simon W.J. Fuller (United Kingdom).

8. It noted that the members of the Advisory Body would serve until the next regular session of the Board under the chairmanship of the President of the Board.

**7. Nobel Peace Prize**

9. At its 925<sup>th</sup> plenary meetings, on 12 October 2001, the Board expressed congratulations to Mr. Kofi Annan and to the United Nations on the award of the Nobel Peace Prize.

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

### **A. Opening of the session**

10. The forty-eighth session of the Trade and Development Board was opened on 1 October 2001 by Mr. Camilo Reyes Rodriguez (Colombia), the outgoing President of the Board.

### **B. Election of officers**

(Agenda item 1 (a))

11. At its 921<sup>st</sup> (opening) plenary meeting, on 1 October 2001, the Board elected by acclamation Mr. Ali Said Mchumo (United Republic of Tanzania) as President of the Board for the duration of its forty-eighth session.

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

President: Mr. Ali Said Mchumo (United Republic of Tanzania)

Vice-Presidents: Mr. Iouri Afanassiev (Russian Federation)  
Mr. Toufik Ali (Bangladesh)  
Mr. Federico Alberto Cuello Camilo (Dominican Republic)  
Mr. Douglas M. Griffiths (United States of America)  
Mrs. Eleanor M. Fuller (United Kingdom of Great Britain and Northern Ireland)  
Mr. Virasakdi Futrakul (Thailand)  
Mr. Nathan Irumba (Uganda)  
Mr. Toshiyuki Iwado (Japan)  
Mr. Kalman Petocz (Slovakia)  
Mr. Jacques Scavee (Belgium)

Rapporteur: Mr. Federico Perazza Scapino (Uruguay)

13. 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))

14. At its opening meeting, the Board adopted the provisional agenda for the session contained in TD/B/48/1. (For the agenda as adopted, see annex I below).

15. In so doing, it decided that, under agenda item 8 of the agenda, it would take up the issue of the "Follow-up to paragraph 166 of the Bangkok Plan of Action".

16. At the same meeting, and in accordance with the organization of work for the session in TD/B/48/1, the Board established two sessional committees to consider and report on items on its agenda as follows:

*Sessional Committee I:*

*Item 3:* The Programme of Action for the Least Developed Countries for the Decade 2001-2010: (a) Outcome of the Third United Nations Conference on the Least Developed Countries; (b) Towards the development goals defined in the Programme of Action for the Least Developed Countries for the Decade 2001-2010

*Sessional Committee II:*

*Item 4:* UNCTAD's contribution to the final review and appraisal of the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: Performance, prospects and policy issues

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

Chairperson: Mr. François Leger (France)

Vice-Chairperson-*cum*-Rapporteur: Mr. Rénaud Clerismé (Haiti)

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

Chairperson: Mr. Mohammed Saleck Ould Mohamed Lemine (Mauritania)

Vice-Chairperson-*cum*-Rapporteur: Mr. Kim Yong Ho (Democratic People's Republic of Korea)

**D. Adoption of the report on credentials**

(Agenda item 1(c))

19. At its 925<sup>th</sup> plenary meeting, on 12 October 2001, the Board adopted the report of the Bureau on the credentials of representatives attending the forty-seventh session (TD/B/48/17), thereby accepting the credentials.

**E. Provisional agenda for the forty-ninth session of the Board**

(Agenda item 1 (d))

20. At the same meeting, the Board decided that the Secretary-General of UNCTAD would draw up a draft provisional agenda for the forty-ninth session of the Board at a later stage in order to take account of the outcome of the Mid-term Review and other developments.

**F. Review of the calendar of meetings**

(Agenda item 7 (b))

21. At the same meeting, the Board approved UNCTAD's calendar of meetings (TD/B/INF.197).

**G. Membership of the United Nations Conference on Trade and Development and the Trade and Development Board**

(Agenda item 7(c))

22. The Board was informed that the membership of UNCTAD stood at 191 and the membership of the Board at 146 (TD/B/INF.196 and Corr. 1).

**H. Membership of the Working Party for the year 2002**

(Agenda item 7(d))

23. At its 925<sup>th</sup> plenary meeting, on 12 October 2001, the Board elected the following countries to membership of the Working Party for 2002: Bulgaria, Egypt, Finland, India, Japan, Mauritius, Netherlands, Oman, Philippines, Poland, Russian Federation, Senegal, Spain, United Kingdom of Great Britain and Northern Ireland, and United States of America.

24. It noted that nominations from the Latin American and Caribbean Group would be presented at a later date and that participation in the work of the Working Party was open to all member States.

**I. Administrative and financial implications of the actions of the Board**

(Agenda item 7 (e))

25. At the same meeting, the Board was informed that there were no financial implications arising from the work of its forty-eighth session.

**J. Adoption of the report**

(Agenda item 9)

26. At its 925<sup>th</sup> plenary meeting, on 12 October 2001, the Board took note of the reports of Sessional Committee I (TD/B/48/SC.1/L.1) and Sessional Committee II (TD/B/48/SC.2/L.1 and Add.1) and decided to incorporate them in the final report of the Board on its forty-eighth session.

27. At the same meeting, the Board adopted the draft report on its forty-eighth session (TD/B/48/L.1 and Add.1-6), 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-EIGHTH 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-ninth session of the Board
2. Interdependence and global economic issues from a trade and development perspective: Financial stability: reform of the international financial architecture and the role of regional cooperation
3. The Programme of Action for the Least Developed Countries for the Decade 2001-2010:
  - (a) Outcome of the Third United Nations Conference on the Least Developed Countries
  - (b) Towards the development goals defined in the Programme of Action for the Least Developed Countries for the Decade 2001-2010
4. UNCTAD's contribution to the final review and appraisal of the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: Economic development in Africa: performance, prospects and policy issues
5. 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
6. Other matters in the field of trade and development:
  - (a) Specific actions related to the particular needs and problems of land-locked developing countries: Report of the Fifth Meeting of Governmental Experts
  - (b) Progressive development of the law of international trade: thirty-fourth annual report of the United Nations Commission on International Trade Law
7. Institutional, organizational, administrative and related matters:
  - (a) Preparatory process for the Mid-term Review in 2002
  - (b) Review of the calendar of meetings

- (c) Membership of the United Nations Conference on Trade and Development and the Trade and Development Board
- (d) Membership of the Working Party for the year 2002
- (e) Administrative and financial implications of the actions of the Board

8. Other business

Follow-up to paragraph 166 of the Bangkok Plan of Action

9. Adoption of the report.

## Annex II

### **DISCUSSION IN THE TRADE AND DEVELOPMENT BOARD UNDER AGENDA ITEM 5 (b): CONSIDERATION OF OTHER RELEVANT REPORTS: REPORT ON UNCTAD'S ASSISTANCE TO THE PALESTINIAN PEOPLE**

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

“Report on UNCTAD’s assistance to the Palestinian people” (TD/B/48/9).

2. The **Coordinator of Assistance to the Palestinian people** introduced the secretariat’s report on UNCTAD’s assistance to the Palestinian people, which contained an update of progress achieved in implementing technical assistance activities for the Palestinian people. In line with the link between operational and analytical work, the report also examined the impact of the recent crisis on the Palestinian economy. It demonstrated that the crisis had adversely affected economic performance, while revealing continued vulnerability of the Palestinian economy to external shocks and deep-seated structural deficiencies. Those arose largely from the impact of prolonged occupation and had yet to be addressed effectively.

3. Despite a major development effort since 1994, all-pervasive challenges to the sustained development of the Palestinian economy remained as influential and debilitating as when first analysed by UNCTAD in the early 1990s. While recognizing the development challenges that the crisis posed for Palestinian Authority economic policy-makers, the findings of UNCTAD research nonetheless allowed for a reassertion of confidence in realistic hopes for a better development future for the Palestinian people.

4. International efforts in favour of Palestinian economic development had also been adversely affected by the recent crisis. However, UNCTAD advisors and experts had maintained an active presence in the field, despite interruptions and uncertainties. This demonstrated the secretariat’s commitment to implementing its mandate in the context of sustained international assistance to the Palestinian people, as called for by UNCTAD X and the General Assembly.

5. UNCTAD research on the Palestinian economy had led to a careful matching of secretariat mandates and expertise with the relevant development needs of the Palestinian people and with available extrabudgetary resources, in regular consultation with Palestine and with other concerned parties. Secretariat project proposals had attracted resources from a number of donors. He reported on progress of work in four key areas, namely: debt management system; reform of customs procedures and regulations and related automation; training activities in the area of small and medium-size enterprise development; and commercial diplomacy training and related advisory services.

6. He expressed the secretariat’s gratitude for the generosity and foresight exhibited by donors to date, though important proposals in several other areas remained unfunded. In particular, this had constrained the secretariat in responding to an urgent request from the Palestinian Authority for coordinated technical assistance from UNCTAD and ITC to address

some of the urgent needs that had arisen in the Palestinian trade sector. He concluded by renewing the secretariat's appeal to all members of UNCTAD to consider intensifying contributions to these and other priority areas of technical assistance to the Palestinian people.

7. The representative of **Cuba**, speaking on behalf of the **Group of 77 and China**, thanked the secretariat for its continued delivery of valuable technical assistance to the Palestinian people. His Group was pleased to see how the secretariat had responded over the years to the changing regional circumstances and to its evolving mandate in this area.

8. The current focus of the secretariat's work programme for the Palestinian people was on operational activities, backed up by research and analysis, and that was the most appropriate and effective contribution UNCTAD could offer to the Palestinian people. He noted that the secretariat had been able to intensify the scope of its assistance and the resources devoted to this issue, in line with the Bangkok Plan of Action. He thanked those States and international organizations that had already made contributions to UNCTAD projects of technical assistance to the Palestinian people, and he urged that such support should continue, especially in the light of the current difficult conditions facing the Palestinian economy.

9. The tragic confrontation that had engulfed the occupied Palestinian territory since October 2000 had dealt a serious blow to the Palestinian economy and to the achievements of the Israeli-Palestinian interim period economic accords. The severe losses in national income, the widespread unemployment and growing poverty, the impact of closures and other restrictive measures on Palestinian trade and other sectors were deplorable developments for a people that had already suffered so much.

10. The hope and possibility of emerging from this crisis represented one of the key points of the secretariat report, highlighting the interdependence between development and peace. His Group wished to reaffirm its belief that only through full implementation of all relevant UN resolutions could a just and lasting settlement be forged that recognized the rights of all peoples and States, including Palestine, to enjoy peace, security and development.

11. The representative of **Egypt**, speaking on behalf of the **African Group**, said that the developments in the Palestinian economy during 2000-2001 had mired it in a crisis of unprecedented depth and severity that would render a genuine recovery difficult to achieve for many years to come. Domestic output had been cut by almost half, the rate of unemployment had grown rapidly and sharply, and poverty indicators had grown dramatically. In addition, the economy had accrued significant infrastructure losses. Clearly all economic sectors had suffered severely during this period.

12. Social services had been subject to severe deterioration, reducing the already limited capacities available to meet the basic needs of the Palestinian people and adding more misery to life in Gaza and the West Bank. Practices of the occupying forces which had led to this intolerable situation needed to be ended, especially the documented and repeatedly

condemned practices of collective punishment and closure policy, which had cost the economy an estimated US\$ 8.6 million in losses.

13. The role of UNCTAD, development agencies and donors remained a corner stone in efforts to allow the Palestinian authority to reinforce its capacity to address the development needs of the Palestinian people, though the task of developing the Palestinian economy appeared to be more formidable than ever. Within this context, he welcomed the resumption of UNCTAD's technical assistance activities for the Palestinian Authority in mid-2001, moving towards the implementation of programmes that were considered of great help in the areas of capacity building and improving economic management. However, the lack of stability and funding had prevented the commencement of technical assistance requested by the Palestinian Authority in the areas of transit trade and transport and international procurement of strategic food commodities.

14. The African Group had urged donors to provide necessary funds to allow UNCTAD to reactivate projects and implement new projects. UNCTAD's technical assistance projects were pivotal in alleviating the conditions facing the Palestinian people. He called upon UNCTAD and the donor community to continue supporting these activities designed to assist the Palestinian people in an extremely critical economic situation. In conclusion, he reiterated the support of the African peoples and countries for the Palestinian people's struggle to achieve a comprehensive, just and lasting peace which would be the basis of prosperity and security for the entire region.

15. The representative of **Belgium**, speaking on behalf of the **European Union**, said that the secretariat report provided very instructive reading and allowed for an appreciation of the difficulties arising from an economic and political crisis that had lasted for a year. He continued to hope that the Palestinian economy, which was still very vulnerable, could restructure and that trade exchanges with the sub-region could develop. That would depend on the firm will of the parties to reach a just, durable and comprehensive peace on the basis of the principles established by the Madrid, Oslo and subsequent accords and in conformity with the pertinent United Nations resolutions.

16. Despite the past dramatic events and current tensions, the field work of UNCTAD for the Palestinian people retained all its usefulness. It was necessary to continue to prepare for the future, to train people, to reinforce institutional capacities, to better manage the macro-economic situation, to develop small and medium-size enterprises and to promote trade. To this end, UNCTAD should, within its areas of competence, provide carefully planned, well-targeted and demand-driven assistance. This could help to develop the local economy and to aid the Palestinian Authority in better serving its people.

17. The European Union was the main contributor of aid to the Palestinian people and was also the main extra-regional trade partner of the Palestinian Authority. The European Union was convinced that for two peoples which must coexist, there was no alternative to engaging once and for all along the path of peace negotiations, regarding which recent official meetings provided hope. In conclusion, he stated that, in this difficult period, everything should be done so that fear, hatred and violence did not win the day and so that the dialogue for peace intensified as soon as possible.

18. The representative of the **Islamic Republic of Iran**, speaking on behalf of the **Asian Group and China**, said that it was a testament to the importance of the issue under discussion, as well as to the commendable manner in which the secretariat had implemented its evolving mandate in this area, that assistance to the Palestinian people continued to feature regularly on the agenda of the Board and in the secretariat's work programme. He thanked the secretariat for its report, which sent relevant messages at a critical stage in the region and the world.

19. He was also pleased to learn that the past year's adverse developments had not distracted the secretariat from its focus on the Palestinian people's long-term development needs and efforts. The secretariat had made serious efforts, in cooperation with ITC, to respond to some of the urgent technical needs emerging from the recent crisis. The secretariat's work programme in this area was a good example of a successful match between the secretariat's analytical and technical capacities on the one hand and its concrete operational activities on the other. The focus on institution and capacity building efforts and on high-quality advisory and training services in several areas provided Palestine with the best that the secretariat could offer in technical cooperation activities.

20. He noted that the Israeli measures against the Palestinian people entailed a range of restrictions on the Palestinian economy and workers, leading to massive losses in national income, widespread unemployment and destitution. The events of the past year had aggravated and exposed the structural weaknesses of the Palestinian economy. The failure to address these problems so far was rooted in the effects of prolonged occupation and the continued denial by Israel of the Palestinian people's rights. Even an interim peace period of six years, which had granted Palestine some limited economic autonomy and an opportunity to rebuild and develop, had proved inadequate to reverse long-standing imbalances. It came as no surprise that the vulnerable Palestinian economy had been shattered so swiftly and comprehensively by Israeli measures.

21. The crisis, at both its political and economic levels, had taught some useful lessons at a time when the globalized world faced new threats and development challenges. In particular, peace and development had been shown to be inseparable, and peace in the Middle East required justice and equity, something that had yet to be offered to the Palestinian people. Furthermore, only through recognition of the legitimate national rights of the Palestinian people, as enshrined in United Nations resolutions, could a just and comprehensive peace be attained. In concluding, he called on UNCTAD to continue its work to assist the Palestinian people with a view to identifying and eradicating the long-standing root causes of underdevelopment.

22. The representative of **Palestine** commended the secretariat for its outstanding and continuous efforts to provide technical assistance to the Palestinian people in all areas falling within UNCTAD's expertise. He expressed deep appreciation to the Secretary-General of UNCTAD for the special attention he had devoted to the secretariat's programme of assistance to the Palestinian people, thus allowing it to continue to develop in a very difficult political context. He also highly appreciated the commitment of the secretariat experts and staff who had continued technical assistance missions and activities despite the difficult field

conditions, while launching a number of projects to support the Palestinian National Authority's long-term development efforts.

23. The secretariat report provided an accurate analysis of the structural problems that impeded the development of the Palestinian economy and the predicaments that had befallen the Palestinian economy during 2000-2001. Since September 2000, the Palestinian territory had been subjected to a range of Israeli military measures, including a siege imposed on Palestinian towns, that had persisted over prolonged periods. These measures had had adverse effects on the entire economy, unprecedented since 1967. They had stemmed from an Israeli policy that aimed at demolishing the infrastructure of the Palestinian economy and putting an end to the Palestinian dream of establishing an independent state with a prosperous economy.

24. He noted that, according to recent statistics, total losses accrued by the Palestinian economy over the last year had reached at US\$ 2.7 billion. The current crisis had destroyed the benefits reaped from development efforts over the last three years, whereas signs of economic prosperity had been clearly visible before the beginning of the crisis. The current conditions in the Palestinian territory, characterized by the absence of political stability and weak economic infrastructures, had resulted in a severe reduction of investment opportunities and the absence of foreign investment, while unemployment had augmented the burden of the Palestinian National Authority. The implementation problems affecting UNCTAD projects confirmed the view expressed by Palestine for many years that economic development could not be achieved under Israeli occupation that had persisted for more than 34 years.

25. He expressed his appreciation for the financial support provided by donor countries to enable UNCTAD and other international organizations to implement assistance projects for the Palestinian people. However, the Palestinian people was calling for justice and solidarity from the international community. Though the Palestinian people's memory was replete with pain and tragedies, they aspired to a peace that restored their rights and ensured stability in the region. In conclusion, he said that Palestine appreciated the growing recognition of several countries, including the United States of America, of the Palestinian people's right to establish an independent state alongside the State of Israel. This should be translated into concrete measures, based on the decisions of the Security Council and other relevant United Nations resolutions which called for Israel to withdraw to the 4 June 1967 borders, to be replaced by the authority of the independent State of Palestine. This would lay the correct and strong basis for a just and comprehensive peace beginning in Palestine and spreading throughout the entire region.

26. The representative of **Norway** emphasized that developing the Palestinian economy was of paramount importance for building support among the Palestinian people for the continuation of the peace process. UNCTAD's technical assistance to the Palestinian Authority supported these goals. He commended UNCTAD for its work during a very difficult time for the Middle East, and also for reorienting part of its programmes as a response to the Palestinian Authority's economic crisis. His delegation strongly supported UNCTAD's continued assistance to the Palestinian people within the mandate of the institution and in cooperation with other agencies.

27. He noted that, while UNCTAD's assistance could play a catalytic, technical role in preparing the Palestinian Authority to better withstand the challenges of the present crisis, it could not solve the crisis. The solution to the Palestinian Authority's economic crisis, as well as the crisis in the peace process, lay in the full implementation of the recommendations of the Mitchell Report and the Tenet understandings, leading to the resumption of peace-negotiations based on UN Security Council resolutions 242 and 338, as well as the Oslo Accords. Since the signing of the Israeli-Palestinian Declaration of Principles, the international community had invested considerable resources to support the Palestinian Authority in building a Palestinian administration capable of delivering much needed services. The current crisis imperiled the significant progress made over the past seven years, and he urged the two sides to resume final status negotiations as soon as possible.

28. The representative of **Israel** noted that, during the previous year's discussion of this agenda item, he had expressed the hope that the violence that had erupted only a few days earlier would soon be brought under control and that the political process would resume. However, since then the situation in the region had only deteriorated. The violence had caused unimaginable suffering for all peoples of the region, as well as huge economic losses. The only solution to this crisis was to implement a full ceasefire and then to resume political negotiations based on the Mitchell Committee recommendations.

29. The report prepared by the secretariat made it clear that, prior to the current wave of violence, the Palestinian economy had been pursuing a path of recovery and vigorous growth. This trend would have continued if the political process had remained on track, especially if the structural problems of the Palestinian economy could have been addressed. The negative situation facing the Palestinian economy was not surprising, as it was impossible to sustain positive economic development in such a violent environment. The wave of violence had also badly affected other economies in the region, including the Israeli economy.

30. The past year had been a very bad one for the peoples of the region, and the global economic slowdown in the aftermath of the recent terrorist attacks on the United States might well aggravate the situation. It was imperative to bring the violence to a halt and then to restart the political process in order to reach a political compromise. He continued to regard the economic well-being of the Palestinians as being of importance to Palestinians, Israelis and the region as a whole.

31. The representative of the **United States of America** thanked the secretariat for its report and its activities of assistance to the Palestinian people. He shared the frustration expressed by many delegations with regard to the continued violence in the region and with the absence of progress in political negotiations. The United States was working hard to bring an end to the violence and to implement the Mitchell Committee report. One-sided condemnations did not help in moving the peace process forward. The recent meeting between Chairman Arafat and Foreign Minister Peres was an important step, and he called on the parties to move forward to implement the ceasefire, remove restrictions and resume negotiations.

32. The representative of the **League of Arab States** expressed his grave concern at the manner in which the Palestinian economy had been sabotaged. This concern was aggravated

by the fact that, compared to the last few years, and despite notable support by international organizations and donor countries, the Palestinian economy was going from bad to worse due to Israeli measures. The occupying authority was demolishing not only the economy's infrastructure, but also its superstructure. The measures taken had inflated unemployment rates, aggravated the current crisis, and foiled international efforts to develop the economy, making them meaningless. The international community should adopt a firm stand so that its efforts could bear fruit. International organizations and donor countries should act not only as payers but also as players and as main partners in achieving sustainable development. He thanked UNCTAD, particularly the Assistance for the Palestinian People Unit, for supporting the Palestinian economy.

33. The representative of **Algeria** expressed his appreciation for the assistance provided to the Palestinian people by UNCTAD and other agencies, as well as for the support of donors, in particular the European Union. However, Israeli practices had jeopardized these efforts and rendered them ineffective. The social consequences of these practices had been dire, leading to a chaotic and disastrous situation for the Palestinian people. The secretariat report had correctly identified the main problem facing the Palestinian economy, namely the structural weaknesses arising from prolonged occupation. In concluding, he noted it was often stated that Israel's security was at stake, but that security could only be assured alongside security for all other peoples in the region.