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

Held at the Palais des Nations
from 1 to 12 October 2001

Rapporteur: Mr. Federico Perazza (Uruguay)

Speakers:

outgoing President of the Board

President of the Board

Secretary-General of UNCTAD

Cuba for the Group of 77 and China

Senegal for the African Group

Belgium for the European Union

Russian Federation

Dominican Republic for the Latin American and Caribbean Group

United States of America

Note for delegations

This draft report is a provisional text circulated for clearance by delegations.

Requests for amendments to statements by individual delegations should be communicated by **Wednesday, 17 October 2001** at the latest, to:

UNCTAD Editorial Section, Room E.8102, Fax No. 907 0056, Tel. No. 907 5654/1066.

INTRODUCTION

Minute of silence

1. At its opening plenary, on 1 October, the Board observed a minute of silence in memory of the tragic events that had occurred in the United States of America on 11 September 2001 and in Switzerland on 27 September 2001.

Opening statements

2. The **outgoing President of the Board** said that, during his tenure, the Third United Nations Conference on Least Developed Countries had successfully taken place. As part of the follow-up to the Conference, the Board was to consider converting its Sessional Committee on least developed countries into a Standing Committee. With regard to UNCTAD's intergovernmental machinery, the expert meetings had achieved good results, but there were still concerns about the effectiveness of the Commissions' meetings owing to the lack of policy discussions. He suggested that the Commissions should concentrate on broader agenda items based on the Bangkok Plan of Action, and that expert meetings should deal with specific aspects of those items. The Board was holding the first global meeting after the terrorist attacks in the United States of America and should thus seize the opportunity to make an in-depth analysis from an UNCTAD perspective of how different countries saw the future implications of these attacks. The Board should send a clear signal of commitment to multilateralism for the purpose of integrating developing countries into the world economy, and in this context it should bear in mind future events such as the WTO Ministerial Meeting in Doha, the Financing for Development Conference in Mexico, the World Summit for Sustainable Development in South Africa, and UNCTAD XI in Latin America.

3. The incoming **President of the Board** said that the recent terrorist attacks on the United States had had an impact not only on international security but also on the social and economic prospects of all regions of the world. Recognition of the importance of global interdependence and international development cooperation in principle and practice was thus more important than ever. The attacks also represented a challenge to the Board. The root causes of, and the dangers posed by, increasing insecurity and despair needed to be addressed. The Board also had to continue to consolidate previous work such as that on the challenges facing least developed countries and Africa and assistance to the Palestinian people. The adoption of the Brussels Declaration and the Programme of Action for the Least Developed Countries for the decade 2001–2010 represented a considerable achievement, and the immediate challenge was to translate the commitments undertaken in the Programme of Action into concrete results. Regarding the mid-term review relating to the Bangkok Plan of Action adopted at UNCTAD X, he expressed his confidence that the occasion would provide an opportunity to look ahead to the ideas that would guide the preparations for UNCTAD XI.

4. The **Secretary-General of UNCTAD** said that the most important contribution of the Financing for Development conference in 2002 would probably be to bring a measure of coherence to the debate on international economic matters. The IMF and the World Bank would be continuing to discuss questions related to finance and monetary issues, and it was likely that at the time of the conference a new round of trade negotiations would already have started in Geneva. However, this would leave the problem of bringing coherence to the different aspects of the agenda of the different international economic institutions as the main task of the conference. The conference should be considered as the initial step towards a continuing international discussion of a broad agenda rather than a one-off event. When the international community was confident that such a process of orderly discussion had been

launched successfully, emphasis could shift towards substantive matters. The most important substantive issue was likely to be institutional, namely the creation of an integrated framework acting under the auspices of the United Nations to ensure coherence in the treatment of international economic questions, avoiding in this process any negative impact on the autonomy and individual mandates of specific organizations such as the Bretton Woods institutions or the different members of the United Nations family. The concept of interdependence would in this way be restored to its central position in international consideration of globalization.

5. The representative of **Cuba**, speaking on behalf of the **Group of 77 and China**, emphasized that, owing to global interdependence, all countries, especially developing and least developed countries, would be affected by the events of 11 September. The Group of 77 shared the views of the Secretary-General of UNCTAD that globalization without acknowledgement of interdependence was unmanageable. Focusing on multilateral cooperation over the long term was essential to a humane process of globalization. He drew attention to the Tehran Consensus adopted by the Intergovernmental Follow-up and Coordination Committee on Economic Cooperation among Developing Countries, in which agreement had been reached on five objectives: (1) consolidation of South-South cooperation; (2) building stronger multilateral institutions for the South; (3) bridging the knowledge and information gap; (4) building broad-based partnerships; and (5) mobilizing global support for South-South cooperation. He expressed appreciation for UNCTAD's intellectual and technical support and underlined the importance of the mid-term review as part of the follow-up to UNCTAD X.

6. The representative of **Senegal**, speaking on behalf of the **African Group**, drew attention to the global recognition of the unsatisfactory achievements of the UN-NADAF programme, which was designed to enable Africa to benefit from the new opportunities of globalization. The upcoming evaluation of this programme should be an occasion for all development partners to identify its imperfections and embark resolutely on a new project for the development of the continent. The material presented in UNCTAD's recent publication "The Economic Development in Africa: Assessment, Perspectives and Fundamental Problems" and the findings presented in its study on "Capital Flows and Growth in Africa" constituted valid conceptual and operational starting-points for the evaluation of the UN-NADAF programme.

7. The recent "New African Initiative" adopted in Lusaka showed that Africa was determined to develop its own response to its development problems, paying due attention to its vital interests. This constituted a first concerted global African response to the continent's problems and, after its presentation at the G.8 Summit in Genoa, the Initiative was also to be presented to the United Nations General Assembly. The Initiative should be the principal source of inspiration not only for the review of the UN-NADAF programme but for all concerted development initiatives under the United Nations in Africa. The African Group also wished to see the operational implementation of the Special Programme for Africa adopted by UNCTAD X in Bangkok.

8. The relative decline in the technical assistance budget earmarked for Africa was to be regretted. However, the African Group welcomed the increased share for the least developed countries. Although the start of operations of the World Federation of Trade Points was a welcome sign, the African Group expressed its regret at the accelerated exit of UNCTAD from this programme. UNCTAD's technical assistance here was indispensable, and donors'

continued support would also be welcomed. The elaboration of a business plan for the World Federation of Trade Points would constitute a major step forward in the consolidation of this initiative. The cessation of activities of the TRAINMAR programme was also to be regretted, despite the weaknesses and shortcomings highlighted by the evaluation mission.

9. Africa remained a relatively unattractive destination for foreign direct investment, as again stated in the *World Investment Report 2001*. UNCTAD's efforts to create an Investment Board for Least Developed Countries was a welcome initiative that should be implemented with due speed. The nomination by UNCTAD of a full time Special Coordinator for the Least Developed, Landlocked and Island Developing Countries was an encouraging sign, and the Coordinator should be endowed with the necessary resources. The African Group reaffirmed its confidence in UNCTAD's ability to implement the Programme of Action for the Least Developed Countries efficiently, and it should not be affected by the uncertainties surrounding the implementation of paragraph 116 of the Programme. The recommendations of paragraph 113 of the Programme of Action for the Least Developed Countries, which called for the creation of a Standing Committee on questions related to least developed countries, was a deliverable and should be implemented as soon as possible, thus giving a sign to development partners to act similarly in their respective fields of competence. UNCTAD should proceed in this respect in such a way as to ensure that the commitments of international organizations to the Programme of Action were honoured. With regard to the Plan of Action adopted in Bangkok, the forthcoming review would provide an important opportunity to analyze its real impact and to establish further options.

10. The representative of **Belgium**, speaking on behalf of the **European Union**, said that the recent terrorist attacks would probably aggravate the slow-down of the world economy, albeit for only a short period. The concerted actions taken by the European Central Bank, the Federal Reserve Bank and other central banks had given the financial markets more room for manoeuvre. With regard to agenda item 2, the EU was Africa's biggest aid donor and its most important trading partner; the region was a priority for the EU, and its strategic partnership with Africa had been reaffirmed and consolidated during the Cairo Conference. The special linkage between the least developed countries and the EU had also been emphasized during the Brussels Conference. With respect to agenda item 7(a), the EU was looking forward to analyzing in more detail the implementation of the Bangkok Plan of Action, the global role of UNCTAD in the perspective of UNCTAD XI, and the efficiency of its intergovernmental actions. The EU was also prepared to discuss the functioning of UNCTAD's Commissions and the length of sessions of the Trade and Development Board.

11. The representative of the **Russian Federation** said that all the activity of UNCTAD should be based on the universal character of the organization. This meant that each country or group of countries had the right to receive adequate attention for their specific interests in the organization's activity. The analytical potential of UNCTAD and its unique information base allowed member States to use the experience of developed and some advanced developing countries in structural reforms, privatization, stabilization of the financial system, approaches to indebtedness, effective use of financial and economic assistance, and regional economic integration. UNCTAD also could, and should, contribute to the preparation of the new round of multilateral trade negotiations within the WTO framework.

12. He paid tribute to UNCTAD's activity in the provision of assistance to countries in their accession to the WTO. Nevertheless, in 2000 there had been a decrease in the volume of the technical assistance delivered by UNCTAD, as well as a reduction in UNDP's share in

the financing of UNCTAD's technical assistance programmes. The share of national and regional projects had also decreased, and the volume of technical assistance to Central and Eastern European countries had fallen drastically. A more balanced distribution of technical assistance among different regions was necessary.

13. He drew attention to the continuing financial instability, especially in East Asia, and agreed with UNCTAD's conclusion that the globalization of world financial markets had demonstrated the limits of multilateral financial institutions' capacity to contribute to global financial stability, and that there was a need for fundamental reform of the international financial architecture. The analytical potential of UNCTAD should be deployed for the elaboration of concrete recommendations for developing countries and countries in transition on preventing and overcoming the negative consequences of the globalization.

14. With reference to the Brussels Declaration and the Programme of Action for 2001-2010 for the Least Developed Countries, he confirmed his delegation's position on action to achieve progress to eliminate poverty and to ensure peace and development in least developed countries. The decisions of the Brussels Conference should be reflected in the preparation of the next *Least Developed Countries Report*.

15. The representative of the **Dominican Republic**, speaking on behalf of the **Latin American and Caribbean Group**, drew attention to the need to revitalize UNCTAD to increase its relevance and its capacity to handle its mandates. He also referred to the importance of the implementation of a number of recent decisions concerning UNCTAD bodies and their mandates, and paid tribute to the leadership of its Secretary-General. On the subject of terrorism, his Group was in full agreement with the position of the Group of 77.

16. The representative of the **United States of America** said that the world economic picture was somewhat grey at the present juncture. Foreign investment and other forms of external financing seemed likely to be negatively affected by slower growth in many countries. Efficiency in the use of resources had to be maximized and every effort made to restart economic growth.

17. A new round of multilateral trade negotiations would lead to an expansion of global trade and investment, and serve as an engine for growth and poverty alleviation. The United States stood ready to work with the poorest countries to ensure that the scope and objectives of a new round were manageable and to help strengthen their negotiating capacity.

18. All of the cases of successful, sustained economic development over the past 40 years had come in countries that relied primarily on a market economy and had opened their borders to greater trade and investment. While macroeconomic stability and increased openness were essential for sustainable development, they were clearly not sufficient. Thus the Board's discussions should focus on differences in national policies and institutions between successful and unsuccessful countries. An important role for UNCTAD was to provide developing countries with advice on reshaping domestic policies and regulatory frameworks that currently hampered growth of the private sector and deterred foreign investment.

PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

A. Opening of the session

19. 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))

20. At its 921st (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.

21. 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 (Uruguay)

22. 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))

23. 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 ... below).

24. 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".

25. 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

26. 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)

27. 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)