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**DRAFT REPORT OF THE TRADE AND DEVELOPMENT BOARD ON ITS
FIFTIETH SESSION**

Held at the Palais des Nations
from 6 to 17 October 2003

Rapporteur: Mr. François Leger (France)

Speakers:

President of the Board	Bulgaria for Group D
Secretary-General of UNCTAD	Benin for the LDCs
Thailand for the G77 & China	Japan
Italy for the EU and acceding countries	China
Barbados for GRULAC	Brazil
Oman for the Asian Group and China	United States of America
Zimbabwe for the African Group	Switzerland

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, 22 October 2003** at the latest, to:
UNCTAD Editorial Section, Room E.8108, Fax No. 907 0056, Tel. No. 907 5656/1066.

OPENING STATEMENTS

1. The **President** said that the world economic situation was complicated and volatile, and the Board's discussions should contribute towards establishing and sustaining an equitable world political and economic order. LDCs faced great challenges, and attention should now turn to the full implementation of the outcomes of previous meetings, rather than making more empty promises. With regard to Africa, the commodity issue should be discussed further, and concrete actions should be taken to enhance African countries' export competitiveness. Despite the setback at Cancún, all parties should work together to advance the multilateral trade negotiations in a balanced manner. Economic development in Palestine had been devastated by wars, and both Israel and Palestine should calm down and return to the road map towards peace. Finally, UNCTAD XI should serve to express a strong aspiration to a just and equitable economic environment and a gradual improvement of the multilateral trading system.

2. The **Secretary-General of UNCTAD** said that UNCTAD XI and the preparatory process for the Conference would take place against a background of increasing interdependence in the world economy, which could contribute to growth but also posed new challenges to global economic governance. He drew attention to the growing importance of developing countries for the growth of the world economy as a result of their rapidly increasing imports from developed countries. There was a need for international trade negotiations to address the issues of special importance for the developing world. Further progress in these negotiations was important, as they could help create new export opportunities for developing countries, but it was not in itself sufficient to accelerate development. It was equally important for developing countries to strengthen their supply capabilities through appropriate domestic policies and development strategies. A number of countries in East Asia had been more successful in this regard than countries in other developing regions, which might explain why they had shown a more proactive attitude in international trade negotiations.

3. The representative of **Thailand**, speaking on behalf of the **Group of 77 and China**, said that although the world economy now seemed to be recovering slowly, it continued to be characterized by serious imbalances and large growth disparities between regions. Many developing countries, especially the least developed countries, were facing great difficulties in adjusting to external shocks, and the weakness of primary commodity prices continued to be of serious concern, in particular for Africa, where it would be impossible to meet the Millennium Development Goals. The outcome of the WTO Ministerial Meeting in Cancún added to the existing problems of many developing countries. She suggested that, under these circumstances, the role of UNCTAD as the main international forum for the integrated treatment of issues related to the interdependence between trade, finance, investment and technology was more important than ever.

4. The representative of **Italy**, speaking on behalf of the **European Union and the acceding countries (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania,**

Malta, Poland, Slovakia and Slovenia), as well as the associated countries (Bulgaria, Romania and Turkey), said that while the world economy was on the way to recovery, it remained urgent for the international community to address the problems of the least developed countries, which were in need not only of a favourable international trading environment but also of support to overcome internal constraints on development. There was a need for close cooperation between UNCTAD and the High Representative for the Least Developed Countries in monitoring the Brussels Programme of Action. He regarded Africa as a region of particular importance for Europe, but African countries should also strengthen their regional cooperation and intraregional trade. The Trade and Development Board was to address the post-Doha work programme at its current session, which represented the first opportunity to review the implications of the failure of the WTO Ministerial Meeting in Cancún. UNCTAD was an appropriate body in which to discuss the issues of the international trading and financial system from a development perspective, and the preparations for UNCTAD XI should also contribute to progress in the Doha round of trade negotiations.

5. The representative of **Barbados**, speaking on behalf of the **Latin American and Caribbean Group**, said that UNCTAD was a key partner for the countries of Latin America and the Caribbean and that its role in discussing issues in the area of interdependence between trade, finance, investment, technology and development was of particular importance. UNCTAD's support for developing countries in capacity building in the context of the multilateral trade negotiations was also critical, and adequate resources should be made available to the organization to fulfil its work programme. Following the WTO Ministerial Conference in Cancún, the present session of the Trade and Development Board was taking place at a critical moment, at which UNCTAD and its member States could contribute to building new confidence in the international trading and financial system. The subthemes for UNCTAD XI were appropriate, and the preparatory process for the Conference should be governed by the spirit of the Bangkok consensus.

6. The representative of **Oman**, speaking on behalf of the **Asian Group and China**, said that the world economy had not yet recovered from the slowdown, which had worsened the outlook for the developing countries. The international community should work towards greater equity in international economic relations, and the voice of the developing countries in international decision-making had to be strengthened. A rule-based multilateral trading system was desirable, but the interests of all countries must be fairly reflected in the multilateral trade negotiations, and the agreements reached should be implemented. UNCTAD XI should take stock of the last two WTO Ministerial Meetings and examine the asymmetries and imbalances in the world economy, with a view to generating a consensus on the elements of a more development-friendly international economic order. In this context, the implications of weak and volatile commodity prices and developing country debt should also be addressed. Trade liberalization was not an end in itself but an instrument to achieve peace and accelerate development. There was a need for greater coherence between negotiations and policy-making at the international level, on the one hand, and national development strategies, on the other. Developing countries had to retain options for protective measures and policies to enhance competitiveness in order to foster development.

UNCTAD should be strengthened not only as the focal point for trade and development issues, but also as a source of support for developing countries in international trade negotiations.

7. The representative of **Zimbabwe**, speaking on behalf of the **African Group**, called upon member States, at UNCTAD XI, to address the economic problems of the African countries, including the deterioration of their terms of trade, their small savings and investment capacity, the debt overhang and the low level of resource flows to the region. There was a need for greater policy coherence to deal with issues related to trade and market access, debt and finance. UNCTAD had a crucial role to play in the management of structural change in a rapidly changing world.

8. The representative of **Bulgaria**, speaking on behalf of **Group D with the exception of Latvia**, said that the priority for UNCTAD was to deal with the trade and development problems of the developing countries, but in view of its integrated approach to trade, finance, investment, technology and development, the institution was also of great importance for a large number of countries in his Group. The present session of the Trade and Development Board could contribute significantly to the preparations for UNCTAD XI if all countries participated in a constructive manner.

9. The representative of **Benin**, speaking on behalf of the **least developed countries**, said that recent trends in the world economy had worsened the situation of the developing countries, especially the least developed countries (LDCs), and more effective international cooperation was required to deal with the problems of these countries. Increased efforts were necessary to strengthen productive capacities and infrastructures in developing countries, promote investment, reform the international financial architecture, increase official development assistance, ensure effective debt relief, and reform international trade rules with a view to making them more compatible with development objectives. He welcomed the various initiatives of developed countries to facilitate market access for export products of particular interest to LDCs. However, in practice the LDCs had not yet been able to benefit from these initiatives to the extent hoped for. The effective utilization of preferences accorded to LDCs was very low. These preferences would need to be accompanied by measures to strengthen export capacities and diversification. The LDCs needed a favourable external environment and the support of the international community to overcome the particular constraints they faced. UNCTAD's activities in support of development in Africa should be strengthened further, especially in the area of technical assistance in support of increasing value-added and diversification in the primary commodity sector, improving supply and trading capacities, and developing transport infrastructures.

10. The representative of **Japan** underlined the importance of strengthening the multilateral framework for trade and investment and the need for complementary arrangements to ensure that developing countries could better benefit from it. One of the reasons for the setback in Cancún was that the concerns of many developing countries had not been sufficiently taken into account. Japan had strengthened its efforts to support capacity building in developing countries for their effective participation in the multilateral trade negotiations, as well as to alleviate constraints on exports from developing countries,

particularly the least developed countries; more than 90 per cent of exports from least developed countries were now duty-free and quota-free. The third Tokyo International Conference on African Development (TICAD III), hosted by Japan in September 2003, had discussed possibilities for the promotion of trade and investment in Africa and considered the lessons of Asian development experiences for Africa, network-building between Africa and Asia, and measures to strengthen African industries. UNCTAD had a central role to play in helping developing countries to translate benefits from trade and investment into faster development. It had taken a welcome pragmatic approach in recognizing the nexus between supply-side constraints and insufficient investment in many developing countries, which also had a limited capacity in terms of participating effectively in international trade negotiations. After Cancún, it was important that all countries engage in a constructive dialogue, including at UNCTAD XI.

11. The representative of **China** drew attention to the uncertainties regarding the recovery of the world economy, the setback in multilateral trade negotiations, and the challenges that developing countries were facing in this situation. With the deepening of interdependence and globalization, it was important to strengthen multilateral cooperation towards a just and reasonable international political and economic order, taking into account the problems of the developing countries. He recalled the international consensus on the Millennium Development Goals, and the cooperative partnership formed at the United Nations Conference on Financing for Development in Monterrey. All countries, especially the developed ones, should live up to their responsibilities for world economic recovery and for adjusting imbalances. They should also help developing countries by supporting capacity building, reforming the international trading system, improving market access for developing country exports, providing adequate capital flows, and facilitating conditions for the transfer of technology.

12. The representative of **Brazil** said that, since the creation of UNCTAD, perspectives for growth and social progress in the developing countries had been eroded. With increasing interdependence in the world economy, the space for independent policy-making in developing countries had been narrowed considerably. However, although one should not be naïve about the possibility for change, there was still hope for enhancing growth and development in the developing world. UNCTAD was one of the reasons for such hope, because no other forum was as well equipped to promote the international policy debate and cooperation on the different forms of interdependence between trade and development. UNCTAD was capable of assisting developing countries in the tasks of strengthening their institutional systems, effectively implementing policies designed to ensure socially inclusive development, and enhancing their capacity to increase production and global competitiveness. During UNCTAD XI and the preparatory process for the Conference, full use should be made of UNCTAD's unique capabilities to stimulate dialogue and cooperation, which should be strengthened further.

13. The representative of the **United States of America** said that the documentation provided by the secretariat was thoughtful and well researched. As a whole, the documents presented different views in a balanced manner and constituted a useful basis for the upcoming deliberations. However, with the notable exception of the report on UNCTAD's

assistance to the Palestinian people, the documentation had not fully taken into account the devastating economic toll of conflict in developing countries. The *Trade and Development Report* presented an exhaustive and meticulous review of the global trading environment. It suggested that economic liberalization might have failed to foster economic development in much of the developing world, but one should be cautious with premature judgements in this regard. The opening of markets to free trade was still the best means to raise the standard of living in developing countries, and there was no real alternative to trade and financial liberalization. The United States continued to support vigorously the implementation of the Monterrey Consensus. It also remained fully committed to the successful completion of the Doha round and, more generally, to the continued liberalization of global trade. While the developing countries retained primary responsibility for their development, for which good governance, transparency and sound macroeconomic policies were preconditions, international cooperation in the framework of the United Nations, the WTO and the Bretton Woods institutions was indispensable to complement national efforts.

14. The representative of **Switzerland** said that it was too early for a definitive assessment of the causes and consequences of the setback in international cooperation at Cancún. UNCTAD should strengthen its efforts to contribute constructively to the current round of multilateral trade negotiations and to achieving the objectives of the international conferences at Monterrey, Johannesburg and Doha, as well as the Millennium Development Goals. UNCTAD XI would provide an important opportunity to take stock of the new challenges for development, and to review the priorities of the organization. He welcomed UNCTAD's new technical cooperation strategy. The secretariat's documentation showed that the economic situation in most of Africa and the least developed countries remained a matter of serious concern. The *Trade and Development Report 2003* highlighted the lessons that other developing countries could draw from the Asian experience. In order to attain a path of sustainable development, policies towards greater macroeconomic stability had to be accompanied by measures to support the private sector.

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

A. Opening of the session

15. The fiftieth session of the Trade and Development Board was opened on 6 October 2003 by Mr. Dimiter Tzantchev (Bulgaria), the outgoing President of the Board.

B. Election of officers

(Agenda item 1 (a))

16. At its 944th (opening) plenary meeting, on 6 October 2003, the Board elected by acclamation Mr. Sha Zukang (China) as President of the Board for its fiftieth session.

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

President:	Mr. Sha Zukang	(China)
Vice-Presidents:	Mr. Michel Adam	(Belgium)
	Mr. Iouri Afanassiev	(Russian Federation)
	Mr. Chitsaka Chipaziwa	(Zimbabwe)
	Mr. Djismun Kasri	(Indonesia)
	Ms. Melissa Kehoe	(United States of America)
	Mr. Mohamed Oulde Mohamed Lemine	(Mauritania)
	Mr. Lester Mejía Solís	(Nicaragua)
	Mr. Iván Mora Godoy	(Cuba)
	Mr. Mitsunori Nanba	(Japan)
	Mr. Dimiter Tzantchev	(Bulgaria)
Rapporteur:	Mr. François Leger	(France)

18. In accordance with past practice, the Board agreed that the regional coordinators and China, as well as the Chairpersons 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))

19. At its opening meeting, the Board adopted the provisional agenda for the session contained in TD/B/50/1. (For the agenda as adopted, see annex ... below.)

20. At the same meeting, the Board established two sessional committees to consider and report on items on its agenda as follows:

Sessional Committee I on item 3: Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010: (a) UNCTAD-wide activities in favour of LDCs; (b) The expected impact of recent initiatives in favour of least developed countries in the area of preferential market access.

Sessional Committee II on item 4: Economic development in Africa: Issues in Africa's trade

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

Chairperson: Mr. Marc Giacomini (France)

Vice-Chairperson-*cum*-Rapporteur: Ms. Patrick Krappie (South Africa)

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

Chairperson: Mr. Mohamed Oulde Mohamed Lemine (Mauritania)

Vice-Chairperson-*cum*-Rapporteur: Mr. Steinard Lindberg (Norway)

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