



# United Nations Conference on Trade and Development

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## Trade and Development Board

### Fifty-fourth session

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## Draft report of the Trade and Development Board on its fifty-fourth session

Held at the Palais des Nations, Geneva, from 1 to 11 October 2007

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## II. President's summary (*continued*)<sup>1</sup>

### Preparatory process for the twelfth session of the Conference

1. Delegations expressed mixed views on the provisional programme for UNCTAD XII, which was distributed in the meeting room. For some, it did not accurately reflect the outcome of the forty-first executive session of the Board,<sup>2</sup> notably by allocating less time to the sub-theme on the role of UNCTAD. For others, however, the provisional programme was a fair reflection of the outcome of the executive session and struck a good balance in its sequencing of the sub-themes and in the time allocated to them.

### Hearing with civil society

#### 1. The “new regionalism”

2. Several participants pointed out that the “new regionalism” and multilateralism were not incompatible, as the World Trade Organization (WTO) provided for derogations with respect to free trade agreements. Indeed, bilateral free trade agreements and regional integration schemes involving such agreements provided a basis for further trade liberalization in WTO and for the integration of developing countries into the global economy. However, some participants considered the growing number of free trade agreements to be a consequence of developing countries' dissatisfaction with the lack of progress in WTO. Free trade agreements between developed and developing countries were thought by some to undermine the development potential of less developed countries, even though such agreements were also seen to have some benefits for developing countries. Since there was asymmetry in supply capacity, the developing countries could not benefit as much as developed countries from reciprocal market access to trade or from other measures related to free trade agreements such as investment or public procurement, as stressed in the Trade and Development Report, 2007. It was thought to be in the best interests of developed countries to allow developing partners some room for manoeuvre in their development strategies, although it was pointed out that the concept of “policy space” needed to be defined more clearly. In any case, each country was sovereign in its decisions with regard to free trade agreements, some of which provided for adequate transitional periods for developing countries. Participants called on UNCTAD to elaborate further at UNCTAD XII on developing countries' policy space and to continue its research in that area. At the national level, appropriate social measures would be needed to cushion the negative impacts of free trade agreements. Another way to mitigate those impacts would be to link aid disbursements to trade reform, particularly through aid for trade. Lastly, the importance of building up national institutions to enable them to evaluate the impact of free trade agreements was stressed.

#### 2. Capturing the benefits of globalization

3. The session focused strongly on the need to address the social costs of globalization. Delegates highlighted the increasing disparities between and within countries as a result of increased economic liberalization and globalization, even if overall poverty was being reduced. Populations in

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<sup>1</sup> Electronic versions of statements by delegates are posted on the UNCTAD website in the form and language in which they are received. To find the speeches, go to [www.unctad.org/meetings](http://www.unctad.org/meetings), select the intergovernmental body and session, and click on Programme.

<sup>2</sup> TD/B/EX(41)/3 (Vol. I).

developing countries, especially women, were subject to increased social and economic insecurity, which was exacerbated by a multilateral trading system that was poorly reconciled with people's needs and was unable to fulfil the development aspirations of the Doha round of trade negotiations. The South-to-North brain drain was also cited as undermining the ability of developing countries to develop through knowledge accumulation.

4. Given that situation, a number of delegates felt that action was needed at the international level. They called on UNCTAD to place greater emphasis on (a) the promotion of inclusive globalization through exploring social protection and social dialogue; (b) the gender perspective on globalization; (c) environmental degradation; (d) the need for greater accountability and transparency in the multilateral trading system; (e) reforms of the international financial architecture; and (f) ways to increase official development assistance flows and ensure a better distribution of benefits in the supply chain.

5. Several delegates noted, however, that Governments of developing countries needed to do more to ensure social protection, promote pro-poor and gender-neutral growth, and regulate transnational corporations. Civil society had a role to play in helping Governments to create investment- and business-friendly environments and promote social investment. A programme of the Government of Brazil that redistributed assets to the bottom 20 per cent of the population was cited as an example of such investment. In addition, it was felt that promoting small and medium-sized enterprises could help create a bridge between the activities of transnational corporations and the social and economic needs of populations in developing countries.

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