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Chapter I

REGULAR INTERGOVERNMENTAL DELIBERATIONS AND OTHER MEETINGS

Trade and Development Board, Forty-Ninth Session

Item 3: Interdependence and global economic issues from a trade and development perspective: Developing countries in world trade

The Trade and Development Board discussed this issue both in plenary and in informal session. The debate had as background documents the *Trade and Development Report (TDR) 2002* (UNCTAD/TDR/(2002)) and a note by the secretariat on "Global economic trends and prospects" (UNCTAD/GDS/Misc.23), which updated the information contained in the *TDR*.

The debate revealed the concerns of many developing countries over the weakening performance of the world economy and their continuing vulnerability to external shocks. It was pointed out that, in today's interdependent world, trade policy issues could not be disconnected from finance and investment, and there was a general feeling that new approaches were needed in seeking policy coherence. There was some concern that failure to accelerate growth in the global economy could seriously jeopardize the advances made at the International Conference on Financing for Development in Monterrey.

The debate on the multilateral trading system and longer-term trends in developing country trade was enriched by the presentations and comments made by renowned experts during the panel discussion in the informal session. The Board recognized that an open multilateral trading system based on mutually agreed and enforceable rules was in the interest of all countries, and there was an acceptance that the current system was flawed in important

respects. In this context, although the launching of a new round of trade negotiations in Doha was welcomed, developing countries expressed doubts about the consistency of actions across the multilateral system. While the need to improve domestic policies in many developing countries was emphasized, concerns were expressed with regard to the effective room for policy-making left to developing countries. A number of delegations called for greater flexibility in the rules to accommodate the growing diversity of membership in the trading system. While there was broad agreement on the need to make the current rules of the multilateral trading system more transparent and more supportive of the aims of the majority of its participants in the developing world, there were differences among delegations on how to achieve this. It was generally recognized that trade policy involved wider issues of development policy, including governance, that went beyond multilateral negotiations. The shift in the trading profile of many developing countries towards exports of manufactures was seen as a positive trend, but the gap, highlighted in the *TDR*, between the expansion of manufactured exports from developing countries, on the one hand, and the growth in their domestic manufacturing value added, on the other, raised concerns on the part of a number of delegations. Moreover, many developing countries noted that commodity prices limited their potential gain from trade. Another area of discussion was China's accession to WTO and the competitive challenge posed by its increasing participation in world trade.

Item 4: Review of progress in the implementation of the Programme of Action for the LDCs

In dealing with this item, the Board conducted a review of the implementation of UNCTAD-wide activities in favour of LDCs and considered the effective benefits and the question of graduation from LDC status. The Board adopted agreed conclusions in which it took note of the secretariat's reports on the two issues. It encouraged the secretariat to continue its activities in support of LDCs within UNCTAD's mandate and endorsed the secretariat's efforts to pursue its research and analytical work on the benefits effectively derived from LDC status with a view to identifying approaches to make this status a more effective tool for socio-economic transformation and convergence with other developing countries, promoting suitable "exit strategies" for the LDCs coming nearer to graduation thresholds.

Item 5: UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s: Structural adjustment and poverty reduction in Africa

The debate had as a background document a report prepared by the secretariat entitled "Economic development in Africa: From adjustment to poverty reduction: What is new?" (UNCTAD/GDS/AFRICA/2), which reviewed the policy content of poverty reduction programmes in Africa and the extent to which the new poverty focus of the Bretton Woods institutions differed fundamentally from the structural adjustment programmes of the past 20 years. Country ownership and participation, conditionality, macroeconomic policy measures and the new emphasis on primary health care and education and governance were discussed. The Board's deliberations led to the adoption of agreed conclusions in which, *inter alia*, it considered that the report was a contribution to the process of policy appraisal and stressed the importance of helping countries to effectively undertake poverty and social impact analysis on a more systematic basis in the implementation of Poverty Reduction Strategy Papers. It

welcomed the Heavily Indebted Poor Countries (HIPC) Initiative and stressed the need for its speedy implementation and a durable solution to the problem of indebtedness of the poorest countries, as well as for an assessment, case by case, of debt sustainability beyond completion points. The Board requested UNCTAD to continue to provide relevant analysis and policy advice on African development.

Item 7(b) Technical cooperation activities: Consideration of other relevant reports: report on UNCTAD's assistance to the Palestinian people

The Board discussed the secretariat's annual report on UNCTAD's assistance to the Palestinian people (TD/B/49/9). The report reviewed recent economic developments in the Palestinian territory, which was set on a "path of de-development". It highlighted how the situation was a telling example of "complex humanitarian emergencies", where vulnerability was great and the impact on productive capacity, institutional infrastructure and the economy as a whole was severe. It stressed that realities imposed new priorities to promote dynamic synergies between rehabilitation, reconstruction and strategic development needs. The Board also reviewed UNCTAD's technical assistance, which aimed at strengthening Palestinian public institutional development and creating an enabling environment for the private sector.

Nineteenth Special Session – Mid-term Review

A Mid-term Review of the outcome of the tenth session of the United Nations Conference on Trade and Development was held at Bangkok from 29 April to 3 May 2002. As part of the Mid-term Review process, and prior to the meeting in Bangkok, three meetings of the Board were held in Geneva, the first from 28 January to 1 February 2002, the second from 25 February to 1 March 2002, and the third from 25 to 28 March 2002. At these meetings, consultations were held on the intergovernmental machinery and on the

stocktaking exercise, resulting in texts that were subsequently acted on by the Board in Bangkok.

The Mid-term Review was conducted within the framework of the nineteenth special session of the Trade and Development Board. At an inaugural ceremony on 30 April 2002, addresses were delivered by H.E. Dr. Thaksin Shinawatra, Prime Minister of Thailand; H.E. Dr. Surakiart Sathirathai, Minister of Foreign Affairs of Thailand; Mr. Rubens Ricupero, Secretary-General of UNCTAD; and Mr. Kim Hak-Su, Executive Secretary of ESCAP. A statement of appreciation was made by H.E. Mr. Ali Said Mchumo (United Republic of Tanzania), President of the Trade and Development Board. In the course of the session, two high-level interactive debates and policy dialogues were held on the following topics: Assessment of global economic developments and their impact since UNCTAD X – Economic policy and challenges after Bangkok; Development challenges of the future – Rethinking development strategies, reshaping globalization.

At its closing plenary, on 2 May 2002, the Board adopted guidelines for the functioning of UNCTAD's intergovernmental machinery, took note of the stocktaking in respect of the implementation of the commitments and work programme agreed to in the Bangkok Plan of Action, and took note of the summary of the high-level interactive debates by the Minister of Foreign Affairs of Thailand and the conclusions on the Mid-term Review by the Secretary-General of UNCTAD. It also adopted by acclamation an expression of gratitude to the Government and people of Thailand for hosting the Mid-term Review.

Executive sessions of the Trade and Development Board

Twenty-ninth executive session

At its twenty-ninth executive session, the Board considered the secretariat's report on activities undertaken by UNCTAD in favour of Africa (TD/B/EX(29)/2).

Thirtieth executive session

The Board adopted agreed conclusions in which it took note with appreciation of the *Least Developed Countries 2002 Report* entitled *Escaping the Poverty Trap*, and it commended the UNCTAD secretariat for the high-quality analysis and policy recommendations contained in the *Report*. In this context, it emphasized the importance of implementation by all stakeholders of the Millennium Development Goals (MDGs) and the Brussels Programme of Action for the Least Developed Countries, as well as provisions of particular importance to LDCs in the Doha Ministerial Declaration, the Monterrey Consensus and the Johannesburg Declaration. The Board stressed the need for the LDCs to consider carefully, at the national level, the general policy orientations recommended in the *LDC Report 2002*, which calls for a reduction of poverty through long-term development strategies including more growth-oriented macroeconomic policies, sectorally focused productive capacity building, an investment-friendly environment, vigorous trade diversification and promotion policies, and policies to ensure inclusion and good governance. With regard to issues related to international support measures, donor countries were called upon to honour their commitments, especially in the areas of ODA, debt and market access. The Board called on UNCTAD, within its mandate and in cooperation with other international organizations, to play its full part in these endeavours.

Commission on Investment, Technology and Related Financial Issues (Geneva, 21–25 January 2002)

The sixth session of the Commission dealt with the impact of international investment flows on development, and especially the impact of FDI policies on industrialization, local entrepreneurship and the development of supply capacity of developing countries, in particular the least developed countries; international policy issues, and especially international arrangements for transfer of technology: best

practices for access to and measures to encourage transfer of technology with a view to capacity building in developing countries, in particular the least developed countries; and the Investment Policy Review for Tanzania. The Commission considered the report of the seventh Conference of WAIPA, which was held parallel to the Commission, and also reports about the activities of FIAS, MIGA, UNIDO, WTO and OECD in the area of investment.

Major agreed conclusions were as follows. The benefits of the development dimension of FDI through industrialization, export competitiveness and development of local supply capacity should not be taken for granted; appropriate host country measures need to be put in place to encourage them. The creation of a hospitable domestic regulatory environment for foreign investment, together with intellectual property protection, encourages access to technology. It has been observed that transfer of technology is often most successful when accomplished by means of investment, especially FDI. In this connection, technical cooperation should focus on technological capacity building with a view to enabling beneficiary countries to use intellectual property rights in ways that advance their national systems of innovation. The Commission called on UNCTAD to implement an enhanced technical assistance and capacity-building programme in close collaboration with the WTO to address the three areas emerging from paragraph 21 of the Doha Ministerial Declaration, namely policy analysis and development, human resources development and institutional development. Work in this connection should examine past country experiences.

Expert Meeting on Experiences with Bilateral and Regional Approaches to Multilateral Cooperation in the Area of Long-Term Cross-border Investment, Particularly Foreign Direct Investment (12–14 June 2002)

Experts had a wide-ranging debate centring on the fact that international rule-making on investment issues is multifaceted and spans the bilateral, regional, interregional and multilateral

levels. The major similarities and differences between different types of instruments, particularly bilateral investment treaties and regional integration agreements, were analysed and systematized. The outcome is contained in the report of the meeting (TD/B/COM.2/41).

Expert Meeting on the Development Dimension of FDI: Policies to Enhance the Role of FDI in Support of the Competitiveness of the Enterprise Sector and the Economic Performance of the Host Economies, taking into account the Trade/Investment Interface, in the National and International Context (6–8 November 2002)

Against the backdrop of post-Doha discussions on international investment issues, the Expert Meeting was convened to review host country policies to attract and benefit from FDI (in particular incentives and performance requirements), home country measures, corporate social responsibility, safeguards and the right to regulate. The discussion recognized the need to balance the interests of host and home countries, taking due account of the development policies and objectives of host Governments, as well as their right to regulate in the context of international trade and investment agreements. The Chairperson's summary of the discussion was communicated to the WTO Working Group on the Relationship between Trade and Investment.

Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), nineteenth session (25–27 September 2002)

The Intergovernmental Working Group discussed the accounting needs of SMEs and disclosure requirements on corporate governance. The topic of corporate governance has taken on new urgency in the wake of corporate accounting scandals and failures and the resulting loss of investor confidence in both developing and developed countries. The Group reviewed the report on transparency and disclosure requirements for corporate governance (TD/B/COM.2/ISAR/15). It agreed that the report represented a useful convergence of views on what should be disclosed and would

help Governments in developing their own guidelines. A number of experts from developing countries emphasized the importance of having guidance on corporate governance disclosure to allow their economies to grow and to attract investment both international and domestic. The Group also reviewed the draft guidelines on accounting by SMEs, which had been revised by an ad hoc consultative group after the eighteenth session of ISAR (TD/B/COM.2/ISAR/16 and Add. 1–4). It was agreed that the guidelines would be released as finalized documents after revision, taking into account feedback from wider consultations with interested agencies and organizations. ISAR also reviewed its activities in the area of environmental reporting and international professional qualifications and recommended that these activities should be continued. All materials produced by ISAR are available at the UNCTAD website at www.unctad.org/isar.

Intergovernmental Group of Experts on Competition Law and Policy

The Intergovernmental Group of Experts on Competition Law and Policy met on 35 July 2002 to discuss two major issues within the framework of its informal consultations: (a) merger control – the balance between control of concentration and the ability of domestic firms to compete on world markets; and (b) the interface between competition authorities and regulatory bodies. The experts also revised a number of reports submitted by the secretariat and a progress report concerning a study on the role of possible dispute mediation mechanisms and alternative arrangements. Finally, the meeting considered an updated Review of Technical Assistance and Capacity-building in this field, and gave guidance to the UNCTAD secretariat on its technical cooperation programmes on competition law and policy. The meeting adopted agreed conclusions, in which it recommended the continuation and strengthening of UNCTAD's intergovernmental machinery in the competition field. It also took note with appreciation of UNCTAD's consolidated report on the four regional seminars held on the post-Doha mandate, and

invited the secretariat to continue its efforts related to the implementation of the Doha Declaration. Finally, it agreed on a substantive work programme for UNCTAD in this field.

Commission on Enterprise, Business Facilitation and Development (Geneva, 18–22 February 2002)

The Commission on Enterprise, Business Facilitation and Development, at its sixth session held from 18 to 21 February 2002, examined ways to facilitate business development, in particular the role of electronic commerce and international transport services, the role of finance, including e-finance, and the mainstreaming of gender in order to promote opportunities.

The Commission acknowledged the importance of electronic commerce as a vehicle for improving the efficiency of transport services and for promoting the participation of developing countries in global trade. In its recommendations, the Commission referred to the need to invest in transport and ICT infrastructure, to simplify administrative regulations and practices, and to adapt legal infrastructure to the requirements of electronic transactions, including transport documents. The Commission also referred to the need to establish an e-finance regulatory environment, to create e-finance platforms that can be accessed by the SMEs of developing countries, and to develop alternative online financing and payment arrangements such as online clearing houses. Recognizing that mainstreaming gender in policy making and implementation is fundamental to achieving development goals, the Commission invited Governments, the international community and UNCTAD to consider recommended policy proposals to improve the role of women in enhancing competitiveness in their countries, increasing trading opportunities and attracting new technology. In particular it recommended that UNCTAD mainstream gender in all areas of work and identify a focal point on gender in each division of the secretariat.

The Commission recognized that sustainable economic growth is strongly related to the rate of enterprise creation, which in turn depends on the ease with which SMEs can be started and financed. Although SMEs provide at least 60–70 per cent of all jobs, financial institutions find it difficult to lend to SMEs because of perceived high risk and high transaction costs. The Commission had before it reports and issue papers detailing financial innovations that could be used to reduce risks and transaction costs. However, to ensure their use by commercial banks, Governments must encourage commercial banks to start servicing the SME sector. The Commission also recommended that the international community strengthen local financial institutions by providing them with training in the use of financial innovations and with medium- and long-term finance or loan guarantees for SMEs. Commercial banks, in return, should disclose the composition of their loan portfolios by size of enterprise and gender of client. The Commission also considered that more work needed to be done in this area and that the financial innovations identified so far should be extended to include those for financing technology.

Expert Meeting on Electronic Commerce Strategies for Development: The Basic Elements of an Enabling environment for E-commerce (10–12 July 2002)

Over 100 experts analysed national experiences and strategies designed to harness ICT to promote economic and social development. Key elements of participatory, comprehensive national e-commerce strategies and their impact/implications in developing countries were discussed on the basis of the secretariat's background paper "Electronic commerce strategies for development: The basic elements of an enabling environment for e-commerce" (TD/B/COM.3/EM.15/2). The discussions were structured according to the linkages and interactions between e-commerce strategies, the definition of e-commerce strategies, human resource development, legal and regulatory aspects of e-commerce, infrastructure and access.

Expert Meeting on Efficient Transport and Trade Facilitation to Improve Participation by Developing Countries in International Trade: Problems and Potential for the Application of Current Trade Facilitation Measures by Developing Countries (25–27 November 2002)

A total of 100 experts examined current trade facilitation measures, focusing in particular on current security measures, their application in developing countries and the means of reducing the divide in the application of global trade facilitation measures. Fruitful discussions based on the note prepared by the secretariat "Problems of and potential for the application of current trade facilitation measures" (TD/B/COM.3/EM.17/2) led to a set of recommendations contained in document TD/B/COM.3/53. Among other things, experts reviewed the following issues in relation to trade facilitation: e-technology, implications for landlocked and transit countries, measuring its effectiveness, legal framework, and the implementation of trade facilitation measures.

Expert Meeting on Improving the Competitiveness of SMEs through Enhancing Productive Capacity: Financing Technology (28–30 October 2002)

Over 100 experts from 54 countries participated in the discussions on the interrelated issues of technology development, its financing and compatibility between national measures and international rules. Their discussions focused on the specific obstacles or risks involved in financing technology; appropriate responses from the public and private sectors; and the scope for national policies, given international agreements, specifically those of the WTO. It became clear during the discussions that commercial banks do not and will not finance technology-based SMEs without certain incentives such as loan guarantees and tax relief. The more suitable private sector instrument for financing technology-based SMEs is venture capital. However, this has taken hold in only a small number of economies (Israel, Taiwan Province of China, United States), and most developing countries would not be able to meet the stringent conditions that

a venture capital market requires. Given numerous market failures, public sector assistance in the form of financial and fiscal incentives is necessary. However, it became evident that some national measures to promote financing for technology might not be compatible with obligations under international agreements or structural readjustment programmes. For example, now that the category of non-actionable subsidies in the WTO Agreement on Subsidies and Countervailing Measures has lapsed, some government measures to finance technology might not be legally secure and could be actionable. The experts recommended that UNCTAD continue to provide an opportunity for a further deepening of the analysis of the issue of international and national policy coherence.

Commission on Trade in Goods and Services, and Commodities (Geneva, 4-8 February 2002)

The Commission on Trade in Goods and Services, and Commodities discusses policies and measures for maximizing the positive impact of globalization and liberalization on trade and development of developing countries and the effective integration of these countries and countries in transition into the multilateral trading system. At its sixth session, held from 4 to 8 February 2002, the Commission considered the reports of expert meetings held during 2001 on the following topics: ways to enhance the production and export capacities of developing countries in respect of agriculture and food products, including niche products, such as environmentally preferable products (16–18 July 2001); energy services in international trade – development implications (23–25 July 2001); consumer interests, competitiveness and development (17–19 October 2001). The Commission adopted recommendations on the main issues involved, with particular emphasis on the trade and development interests of developing countries. It also considered the implications for its work of following up on the Fourth WTO Ministerial Conference in Doha,

Qatar, and of related capacity building work and technical cooperation activities of UNCTAD. It adopted agreed conclusions, including a recommendation that the Trade and Development Board regularly review developments and issues in the post-Doha work programme of particular concern to developing countries.

Expert Meeting on the Diversification of Production and Exports in Commodity Dependent Developing Countries, Including Single Commodity Exporters, for Industrialization and Development, Taking into Account the Special Needs of LDCs (26–28 June 2002)

This Expert Meeting discussed pivotal issues for commodity diversification and production, such as problems stemming from the international trading system; value chains and processing opportunities; market entry and links with foreign firms; the role of information and networking; technology and quality improvement; upgrading and differentiation of products; business management, from traditional farming and exporting to modern business practices; financing of diversification; infrastructure and logistics, and the special case of mineral-dependent countries. The Expert Meeting adopted a report (TD/B/COM.1/50) with a Chairperson's summary covering the essential elements of the discussion, noting that the challenge for developing countries is to achieve a significant degree of diversification in a dynamic and increasingly liberalized global marketplace.

Expert Meeting on Environmental Requirements and International Trade (2–4 October 2002)

This Expert Meeting discussed the effects and opportunities generated by environmental requirements, such as product standards and regulations, voluntary measures, standards set by the private sector, buyers' requirements and supply chain management. It adopted a report (TD/B/COM.1/53) with a Chairperson's summary identifying suggestions in the area of capacity building to enable developing countries to respond to environmental requirements in

international markets and to take advantage of new production and export opportunities.

Expert Meeting on Audiovisual Services: Improving Participation of Developing Countries (13–15 November 2002)

This Expert Meeting provided a comprehensive background for negotiators, policy makers and international organizations on the issues most relevant to the interface between audiovisual services and development and trade interests with a view to enlightening discussions and future actions in international fora. Issues discussed encompassed the cultural and economic importance of audiovisual services, strengthening the audiovisual services sector at national levels, the importance of technology, and international trade in audiovisual services and GATS. The Expert Meeting adopted a report (TD/B/COM.1/56) with a Chairperson's summary noting that audiovisual services deserve a special place in the development of every country because of their important function as a vehicle for transmitting civilizational values.

Commission on Science and Technology for Development

At its fifth session, the Commission on Science and Technology for Development (CSTD) selected as the substantive theme for its inter-sessional period 2001-2003 "Technology development and capacity-building for competitiveness in a digital society", with three panels focusing on different aspects of the theme. The findings and recommendations adopted by the panels were to be considered by the CSTD at its sixth session, scheduled to be held in Geneva from 5 to 9 May 2003.

CSTD Panel I on "Indicators of Technology Development" (Geneva, 22-24 May 2002)

The objectives of Panel I were to: (i) review and select indicators to take stock of technology development levels across countries, with a specific focus on ICTs as pervasive technologies of global impact; (ii) classify countries as "catching up", "keeping up" and

"getting ahead"; (iii) provide input for policy analysis to facilitate countries' upward movement from one stage to the other. It also looked at the question of inequality and divergence in ICT capabilities between countries in the international "digital divide" with a view to assessing policy factors with significant impact on ICT outcomes. It is envisaged that this work will provide measures of ICT development and formulate policies to address national ICT capabilities and the digital divide in the context of globalization. The outcome of this panel, most notably the ICT Development Indices, will be made available as a CSTD/UNCTAD contribution to the World Summit on the Information Society and to the United Nations ICT Task Force. More information can be retrieved from the web page <http://www.unctad.org/stdev>.

CSTD Panel II on "Linking Foreign Direct Investment (FDI), Technology Development for Capacity Building and Strategic Competitiveness" (Colombo, 15–17 October 2002)

Recognizing that foreign direct investment has emerged over the past decade or so as one of the main vehicles through which the transfer and the acquisition of technology takes place, the Commission decided to consider the linkage between FDI, local technology development and strategic competitiveness at its second panel meeting to contribute to a further understanding of this issue and to provide inputs into the report of the Secretary-General to the Commission at its sixth session. The Panel discussed the central role of technological capabilities in building competitiveness, focusing on the interaction between FDI and domestic technological effort. More specifically, it focused on how to attract FDI with a high technology content and increase its potential contribution to the transfer and diffusion of technology and local capacity. The Panel adopted recommendations directed at Governments and the United Nations system. More information can be retrieved from the web page <http://www.unctad.org/stdev>.

Substantive Support to the South-South High-Level Conference on Science and Technology (Dubai, 27–30 October 2002)

The Conference was the first ever on science and technology under the aegis of the Group of 77. It included a ministerial interactive dialogue and three workshops on the following three topics: information and communication technologies (ICTs), biotechnology, and access to safe drinking water. The outcome of the Conference, the Dubai Declaration, is a Declaration on the Promotion of Science and Technology in the South. Paragraph 9 of the Declaration emphasizes the role and importance of UNCTAD and the CSTD within the United Nations system in the promotion of transfer and development of science and technology. The UNCTAD secretariat provided substantive background documents on biotechnology and on partnership and networking in science and technology in developing countries to the Conference. In addition, it provided inputs to the draft outcome document, and assisted in the negotiation of the document at the Conference.

Other ad hoc expert meetings organized by UNCTAD's Division of Investment, Technology and Enterprise Development

Regional Seminar on FDI Policies in Latin America (Santiago, 7–9 January 2002)

The seminar was organized jointly by UNCTAD and ECLAC in an effort to coordinate the activities of both institutions in the area of FDI. The objectives were to disseminate the findings of *WIR 2001*, present to Latin American Governments interesting experiences in FDI initiatives in other regions of the world, promote a debate on the current situation of FDI policies in Latin America and provide inputs on FDI policies for *WIR 2002*. The participants contributed with high-quality presentations and a focused and relevant debate on current FDI policies in the region, their shortcomings and possible new avenues for the future. A new willingness to contemplate practical solutions was evident in the region.

Best practices on transfer of technology (Geneva, 11–12 April 2002)

The main objective of the meeting was to identify factors to enable firms in developing countries to upgrade technologies or develop new technologies in pursuit of enhancing their productivity. The meeting focused on three successful cases (EMBRAR – Brazil, Pharmaceutical Industry – India, Automotive Industry – South Africa) that could provide lessons, in terms of best practices, to other developing countries in the context of technological capacity building.

Accounting by SMEs (Geneva, 24–25 April 2002)

The ad hoc consultative group on accounting by SMEs was requested to continue its work by the eighteenth session of ISAR, which took place on 10–12 September 2001. During its meeting, the group worked on proposals that it submitted to the nineteenth session of ISAR.

Corporate governance (Geneva, 22–23 April 2002)

With the approval of the sixth session of the Commission on Investment, Technology and Related Financial Issues, an ad hoc group was called upon to develop a background document on disclosure requirements on corporate governance for consideration at the nineteenth session of ISAR.

Round Table on Corporate Governance and Disclosure: Restoring Investor Confidence (Geneva, 23–24 September 2002)

This round table was organized in cooperation with the Global Corporate Governance Forum and the Department for International Development of the United Kingdom. It enabled developing countries and countries with economies in transition to understand the implications of the series of high-profile corporate collapses and the legislative and other measures that followed. Several panels looked at the issue in terms of its international dimension and from the perspectives of regulators and standard setters, investors, companies, the accountancy profession and civil society.

Empretec Directors' Meeting (Casablanca, 9–11 October 2002)

The eleventh annual Directors' Meeting took place in Casablanca, Morocco, in October. Directors from 17 countries participated. The agenda included such issues as the sustainability of Empretec National Centres, business linkages, and financial services for SMEs. The discussions were complemented by an active exchange of information on best practices by the Empretec National Centres.

WIR 2002 Global Seminar on FDI and Export Competitiveness (Geneva, 3–4 June 2002)

In cooperation with the German Foundation for International Development, an ad hoc meeting was organized, including international FDI experts, to review and comment on the draft of *WIR 2002*.

UNCTAD/ICC Investment Advisory Council for Least Developed Countries

The UNCTAD/ICC Investment Advisory Council for Least Developed Countries, which was established during the Third United Nations Conference on the Least Developed Countries in Brussels in May 2002, provides an informal and flexible framework within which senior business executives and senior government officials responsible for investment matters can interact on questions related to attracting FDI and benefiting from it. More specifically, the purpose of the Council is to: (i) facilitate the interaction between government and corporate representatives; (ii) provide Governments of LDCs with advice and recommendations that can help to increase the level and quality of FDI in their countries; (iii) speed up development; (iv) facilitate the integration of their economies into the world economy; and (v) increase the awareness of international business of investment opportunities in LDCs.

At its first meeting, held within the framework of the International Conference on Financing for Development in Monterrey, Mexico, in March 2002, the Investment Advisory Council discussed the role of FDI in the implementation of the New Partnership for Africa's

Development (NEPAD), especially in the context of substantially declining FDI flows worldwide. Although the Advisory Council is concerned with the whole group of LDCs, the meeting was devoted to Africa, where most LDCs are located (African nations account for 34 of the world's 49 LDCs). The meeting was chaired by the Secretary-General of the United Nations and was attended by the President of Senegal and the Prime Minister of Mozambique. It discussed a number of concrete proposals by business leaders to increase FDI in Africa.

The meeting initiated the so-called 5+5 process, during which a group of African CEOs and CEOs of TNCs with operations in Africa discussed the question: What would excite companies to invest more in Africa? The recommendations of the 5+5 process were submitted to the second meeting of the Investment Advisory Council, which took place in Johannesburg in August 2002. The meeting was attended by international and African business leaders, as well as high-ranking government officials from African countries. It endorsed the proposed recommendations from the 5+5 process and encouraged business and Governments to cooperate closely within the NEPAD framework in establishing an enabling framework for investment.

On the occasion of the Johannesburg World Summit on Sustainable Development, a high-level round table was organized jointly by the UN Global Compact, UNCTAD and UNEP. The round table's objective was to mobilize resources and expertise to address sustained poverty problems, especially in the African continent. Major international companies agreed to partner with Governments, labour and civil society to pursue sustainable business development in LDCs.

The initiative was chaired by UN Secretary-General Mr. Kofi Annan and was attended by British Prime Minister Mr. Tony Blair, French President Mr. Jacques Chirac and other heads of state and government. In addition, ministers, UN officials, representatives from labour and non-governmental organizations and the chief

executive officers of such companies as Hewlett-Packard and Shell International participated in the round table. Messrs. Blair and Chirac announced that their two countries will raise 100 million euros each to leverage additional private sector financing for sustainable development.

At the round table, a plan was presented that would commit partners to identifying, over the next year, business opportunities in specific LDCs that would be sustainable and designed in ways to help local small and medium-size businesses grow.

Chapter II

TECHNICAL COOPERATION AND CAPACITY-BUILDING ACTIVITIES

Division on Globalization and Development Strategies

Debt Management and Financial Analysis System (DMFAS)

The DMFAS programme expanded its activities to assist developing countries and countries with economies in transition in strengthening their capacity to manage their debt effectively. At the end of 2002, the programme was collaborating with 60 low- and middle-income countries, which together account for almost 40 per cent of public and publicly guaranteed long-term developing country debt, and the system was installed in 86 "debt offices", usually located in the Ministry of Finance or the Central Bank.

The DMFAS helpdesk, the functioning of which was further enhanced, provided assistance on a wide range of functional and technical issues. The DMFAS programme also continued its capacity-building efforts in terms of helping countries with statistical reporting, debt portfolio analysis and debt strategy development. Discussions took place with the World Bank to make the DMFAS programme co-owner of the Bank's debt analytical software, DSM+. The original partnership agreement is being amended to strengthen UNCTAD/World Bank cooperation in this area. In its efforts to develop a comprehensive training service, the DMFAS programme started to implement its Training of Trainers initiative, which had been launched in 2001, with the aim of improving project-related training delivered in countries using DMFAS. In collaboration with UNDP's Central and Eastern Africa Sub-Regional Resource Facility (CEA-SURF),

the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) and Pôle Dette, the DMFAS programme continued to provide regional assistance through the organization of common workshops benefiting the sub-Saharan countries. It also continued its participation in the Steering Committee of the HIPC Debt Strategy and Analysis Capacity-Building Programme.

The DMFAS Advisory Group held its third meeting in Geneva on 12 September 2002, which was attended by more than 90 delegates representing country debt offices from all regions of the world, as well as regional and international organizations and bilateral donors. It discussed DMFAS programme activities during 2001; a presentation of the programme's new strategy for capacity building in debt management; an exchange of feedback from DMFAS beneficiary countries and from regional partners; and a presentation of ongoing work on the different versions of the system.

Technical Support to the Intergovernmental Group of Twenty-four on International Monetary Affairs (G-24)

Under the G-24 Project, studies and research papers were provided as inputs to the Group's preparations for negotiations in the framework of the IMF's International Monetary and Financial Committee, the Joint IMF/World Bank Development Committee, and other bodies and fora, including the International Conference on Financing for Development. The papers reflected the preoccupations of the developing countries with regard to the evolution of the world economy and its financial system. They

covered issues related to institutional convergence in development; international public goods; IMF conditionality in general and IMF programmes in countries affected by the East Asian financial crisis; competition and competition policy in emerging markets; reform of the multilateral development banks; capital account management techniques in developing countries; and Poverty Reduction Strategy Papers. Moreover, advisory services were provided to the G-24 Deputies and Ministers in the preparation of their communiqués issued in connection with the meetings of the IMF International Monetary and Financial Committee and the Joint IMF/World Bank Development Committee.

UNCTAD's assistance to the Palestinian people

UNCTAD's technical cooperation activities in favour of the Palestinian people sought to respond to the Palestinian Authority (PA) goal of building the institutional capacity and infrastructure required for a viable, growing market-based economy. In coordination with other international agencies, the secretariat responded to PA requests for assistance with specific interventions in its areas of competence, which were effective in helping the PA to better address the challenges imposed by the protracted crisis. The severe economic difficulties require placing relief assistance within the context of a cohesive, sustained growth strategy.

With the intensification of the conflict in the occupied Palestinian territory, the provision of technical assistance became increasingly difficult, especially in view of the restrictions on the mobility of trainees and project staff and on field access of UNCTAD experts. Despite these conditions, UNCTAD was able, through a selective and flexible mode of operation, to complete the first phase of the Customs Administration capacity building project

(ASYCUDA) and achieve concrete progress in four other ongoing technical assistance projects: (i) support of small and medium-sized enterprise development (EMPRETEC); (ii) strengthening capacities in debt monitoring and financial analysis (DMFAS); (iii) strengthening trade efficiency: Trade Point Palestine Ramallah; and (iv) strengthening trade policies and strategies: transit trade and transport. In response to a request by the PA, UNCTAD contributed to an initiative to support the Palestinian olive oil industry through international trade and targeted market access. Furthermore, the secretariat provided advisory services to the PA in the form of recommendations, observations, missions and reports in the areas of economic facilitation measures; long-term economic policy options; trade and tariff policies; and compliance with the multilateral trading system.

Division on Investment, Technology and Enterprise Development

Needs assessment to attract Asian FDI into Africa

The project, financed by the UNDP/Japan Human Resources Development Fund, examines FDI potential in Africa, in particular in African LDCs, for Asian investors, specifically from Asian developing countries, with a view to assisting African LDCs in formulating policies to attract FDI from Asia, including FDI by SMEs. The potential of Botswana, Ghana, Madagascar, Mozambique and the United Republic of Tanzania to attract Asian FDI was reviewed, with the focus on industries that have a comparative advantage in attracting FDI and taking into account best practices and successful examples in overcoming hurdles in each area from Asian as well as African experiences. Studies on the countries concerned, together with others written from the Asian perspective, were

launched for publication in 2003. They will be made available widely, including to participants in the Africa-Asia Business Forum, organized by UNDP.

Capacity-building in developing countries for international investment agreements and post-Doha follow up

During 2002, the main activities centred on regional and national seminars with the WTO on the seven issues listed in paragraph 22 of the Doha Ministerial Declaration. Overall, four regional and six national seminars were held. In addition, three workshops were conducted for Geneva-based delegates, and one event for anglophone African countries was organized in Geneva. All of these activities were based on UNCTAD's *Issues in International Investment Agreements* series, of which two more booklets were finalized, namely on *Dispute Settlement: Investor-State* and *Dispute Settlement: State-State*. The first training session for IIA negotiators from anglophone Africa took place in Pretoria, South Africa, from 18 to 29 March 2002, with 29 participants from 19 countries, of which 11 were LDCs; the second training session for IIA negotiators from francophone Africa took place in Alexandria, Egypt, from 27 May to 7 June 2002, with 23 participants from 22 countries; the first training session for negotiators from Latin America (in Spanish) took place in Lima, Peru, from 9 to 18 October 2002, with 21 participants from 15 countries. The second training session for IIA negotiators from the Asian region took place in New Delhi, India, from 25 November to 6 December 2002. In addition, a round of negotiations on bilateral agreements for francophone countries in cooperation with the Organisation pour la Francophonie was held in Chavannes-de-Bogis, Switzerland, from 4 to 13 November, with 32 negotiators from 19 countries, of which 10 were LDCs, resulting in the conclusion of 28 BITs.

Investment Policy Reviews

In 2002, three Investment Policy Reviews (IPRs) were completed: for Botswana, Ghana and Tanzania. The Review of Tanzania was presented at the Commission on Investment, Technology and Related Financial Flows held in Geneva from 21 to 25 January 2002. The Investment Policy Reviews of Botswana and Ghana were discussed at Expert Meetings in June 2002 and October 2002 respectively. Chairpersons' summaries of the discussions are available to delegations for consultation and reference. The Investment Policy Review of Lesotho was completed for presentation in April 2003, back-to-back with a Trade Policy Review of that country in the WTO.

UNCTAD/ICC Project on Investment Guides and Capacity-building for Least Developed Countries

This project is a collaborative undertaking between UNCTAD and the International Chamber of Commerce (ICC). Investment guides for Bangladesh, Ethiopia, Mali and Uganda were published in 2001. During the first quarter of 2001, an independent evaluation committee assessed the project positively and strongly recommended its continuation. The investment guide for Mozambique, the last publication of the pilot phase, was published in January 2002.

The second phase of the project was launched in February 2002 in Nepal. A workshop on "Attracting FDI to Nepal", which provided feedback on a partial draft of the Nepal guide, was held on 5-6 June 2002. The guide was to be published by February/March 2003 and launched in Kathmandu and in New Delhi in cooperation with the Federation of Indian Chambers of Commerce and Industry (FICCI).

The project workshop on "Attracting FDI to Cambodia", which provided feedback on a partial draft of the Cambodia guide,

was held in Phnom Penh on 1-2 October 2002. The Cambodia guide was to be finalized in early 2003.

Five guides have been published: Mali, Ethiopia, Bangladesh, Uganda and Mozambique. The guides can be found in UNCTAD's digital library at <http://www.unctad.org>.

Policy Framework for Attracting Foreign Investment (FORINVEST)

The objective of this programme is to assist developing countries in strengthening their capacity to create and manage their policy frameworks for attracting FDI. To this end, the programme provides advisory services and training packages related to investment policy, investment legislation, investment codes, and sectoral policies governing the participation of TNCs in specific industries.

Insurance

In the area of insurance, in 2002 training seminars/workshops were organized with a view to improving the understanding of the role of supervisors and enhancing the competence and technical abilities of the staff of supervisory authorities, particularly of African, Asian and Caribbean countries. Also, 30 African insurance companies were rated under a rating scheme set up by UNCTAD and the African Insurance Organization with the technical help of Standard & Poor's, and software for the operation of African insurers was finalized and installed in five companies for testing. Forty-two developing countries benefited from DITE events organized in the area of insurance. These events contributed to improving the competences of insurance supervisory authorities and the competitiveness of insurance providers.

Accounting

In 2002, UNCTAD continued the execution (with KPMG) of the

EU/TACIS-funded accounting reform project in the Russian Federation. The project's objectives were to develop national standards for accounting and reporting based on International Financial Reporting Standards. For the accounting framework applicable to Russian SMEs, UNCTAD participated in discussions with Russian authorities on questions of the practical implementation and incorporation of the standards into the Russian accounting regulatory framework.

In the area of environmental accounting, UNCTAD completed a manual on eco-efficiency indicators. These tools could assist financial analysts, bankers and other stakeholders to link environmental performance and financial performance more precisely and to benchmark environmental performance between different industrial sectors. UNCTAD also started, with the University of Geneva, a distance-learning course for environmental accounting in order to further disseminate its work.

UNCTAD initiated a third round table discussion on corporate transparency jointly with the Global Corporate Governance Forum and with the support of the United Kingdom Department for International Development. The objective was to discuss the role of disclosure, including disclosure on corporate governance, in restoring investor confidence. The round table was attended by 80 experts, mostly from developing countries and economies in transition, and presented perspectives of regulators, private standard setters, educators, the accounting profession, civil society, investors and corporate actors. During the year, UNCTAD provided further technical inputs into the OECD round table discussions on White Papers on Corporate Governance for Russia and for countries in the South Eastern European Partnership on Accountancy Development (SEEPAD) in the area of transparency.

During 2002, UNCTAD convened a meeting of the major organizations on accounting education and professional qualifications to discuss the challenges facing the accounting profession in the light of current corporate scandals and the increasing globalization of financial markets. It also started a review of the UNCTAD/ISAR model accounting curriculum published in 1999 to respond to recent developments, especially in the area of business ethics, corporate governance and information technologies. UNCTAD conducted a survey on the use of this curriculum which indicates that at least 16 countries have either incorporated or are considering incorporating it into national curricula. As part of its activities on professional qualifications, UNCTAD continued to participate in the Executive Committee of the International Association on Accounting Education and Research (IAAER) and the Education Committee of the International Federation of Accountants (IFAC). UNCTAD was invited to provide a keynote address at the 9th World Congress of Accounting Educators.

Science and Technology Diplomacy Initiative

In June 2002, DITE, in collaboration with the Science, Technology and Innovation Programme at Harvard's Kennedy School of Government, launched the Science and Technology Diplomacy Initiative. It seeks to contribute to a better understanding on the part of trade diplomats and policy makers of the scientific underpinnings of trade issues and to strengthen the capacity of developing countries to negotiate and make informed decisions in international negotiations where science and technology play a central role. This would be achieved by providing training workshops and targeted executive seminars for diplomats, scientists and policy makers, especially from developing countries, to assist them in international negotiations in the post-Doha era, *inter alia* on matters related to

the Convention on Biological Diversity, biotechnology, and the transfer of technology.

Empretec programme

The main objective of this programme is to contribute to the development of a dynamic private sector by helping SMEs grow through measures to strengthen entrepreneurs. Its unique feature involves building a national institutional framework (Empretec National Centre) to provide training, business services and networks through a "one-stop shop". The main beneficiaries are SMEs, entrepreneurs with potential, women entrepreneurs, key country institutions and Governments.

With regard to country activities, since the inception of the Empretec programme in 1988, about 60,000 entrepreneurs have received training and follow-up support in 24 countries. During 2002, programmes in Guatemala, Jordan, the Palestinian Territory and Romania were fully operationalized.

In 2002, the principal activities focused on the completion of the implementation of the recommendations made by the external evaluation commissioned by the Working Party on the Medium-term Plan and the Programme Budget; the stabilization of the Empretec team in Geneva; the organization of the annual Directors' Meeting; and initiating a funding-raising campaign.

Mediterranean 2000: Institution-building in entrepreneurship

Med 2000 is a multi-country, multi-agency programme that brings together the products and services of a number of agencies to create the institutional structures to promote entrepreneurship and SME development. The central purpose of Med 2000 is to contribute to economic and social development by strengthening institutional capacity to help SMEs to grow and compete in 10 developing

countries in the Mediterranean basin and the Horn of Africa.

In 2002, major activities in individual economies included the establishment of the programme in Jordan and the Palestinian Territory, including the organization of two workshops in Jordan and one workshop in the Palestinian Territory; and the strengthening of the programmes in Ethiopia, Morocco and Uganda. In cooperation with UNIDO, a capacity building programme was started for SMEs in the leather and metal mechanics sector, and workshops were held in Ethiopia and Morocco. The Intrapreneurship programme was transferred to Morocco by Empretec Uruguay. The Management Information System was established in the countries in which the programme is active.

Advisory Service on Investment and Training

ASIT's capacity-building programme assists client Governments to strengthen their investment promotion institutions. The focus in 2002 was on regional workshops on investor targeting - usually organized in cooperation with the World Association of Investment Promotion Agencies (WAIPA) - in Ecuador (for Latin America), Italy (English-speaking Mediterranean countries), Mali (French-speaking sub-Saharan Africa), Morocco (North Africa) and Turkey (Central and Eastern Europe and Central Asia), with a total participation of 150 trainees from 39 countries. The training material is supported by concrete examples and case studies and is based on ASIT's newly developed Master Training Manual and UNCTAD's long-standing research into the relationship between FDI and development, as published annually in its *World Investment Report*.

In 2002, a project document was coordinated with the Government of Botswana for the follow-up to the

recommendations of the Investment Policy Review launched in 2002. At the request of the Governments concerned, investor targeting training workshops were delivered for diplomats from Thailand and Brazil.

Costa Rica, Guatemala, Mexico, Paraguay and Peru have asked to become part of ASIT's Investment Development Gateway programme. This initiative was designed to harness the power of the Internet, providing information on an interactive basis on investment opportunities, contact and financial information on local companies, practical information on the country's legal and regulatory framework, and links permitting direct contact with the national regulatory authorities. The project to date is being implemented in Bolivia, Colombia and Ecuador.

In 2002, ASIT launched its Good Governance in Investment Promotion and Facilitation programme aimed at enhancing FDI inflows to LDCs by increasing awareness of the benefits of efficient and transparent investment-related administrative procedures, professional ethics and personal integrity of public officials. In its two-year pilot phase, the programme is to provide assistance to Ethiopia, Lesotho, Maldives, Mali and Tanzania. In 2002, it included an international workshop in Geneva, with high-ranking government officials and representatives from international organizations, NGOs and the private sector, on best practices in respect of efficient and transparent investment promotion procedures and ethical standards in the public sector. This workshop was followed by advisory missions to Ethiopia and Tanzania for the preparation of country reports on improved governance in investment promotion and facilitation. The advisory report for Ethiopia was officially presented at a national workshop in Addis Ababa on 8 November 2002.

Joint ESCWA/UNCTAD project on Strengthening Networking and Expertise on Foreign Direct Investment in ESCWA Member Countries

This joint project has two main objectives: enhancing the capacity of government agencies in ESCWA member countries as regards the compilation, dissemination and analysis of data on FDI and the operations of TNCs by implementing international methodological standards, enabling national authorities to maintain high-quality and up-to-date databases, and strengthening networking among national authorities involved in FDI data compilation and reporting with the purpose of facilitating the exchange of expertise and experience.

A four-volume draft manual on statistics on FDI and TNC operations was prepared. Volumes on the compilation of FDI flow and stock data and the compilation of data on the activities of TNCs and institutional issues were used at the ESCWA/UNCTAD Regional Workshop on Methodological Standards for Compilation of Statistics on Foreign Direct Investment and the Activities of Transnational Corporations, which took place in Beirut, Lebanon (28 October to 1 November 2002). The workshop, the first of its kind undertaken in the ESCWA region, brought together about 40 national compilers from Central Banks, Statistical Offices and Investment Promotion Authorities involved in the compilation of statistics on FDI and the activities of TNCs, as well as policy makers from Bahrain, Jordan, Lebanon, Oman, Saudi Arabia and the Syrian Arab Republic. It also prepared the ground for the next stage of the project, namely the national training courses for preparation and implementation of international methodological standards and setting up compilation and data dissemination systems for internationally comparable FDI statistics.

Special Programme for Least Developed, Landlocked and Island Developing Countries

Integrated Framework for Trade-related Technical Assistance for LDCs (IF)

UNCTAD worked closely with the other IF core agencies in the implementation of the IF. Its activities focused primarily on contributing to the Diagnostic Trade Integration Studies (DTIS). DTIS were under way in nine LDCs, three of which were completed (Lesotho, Senegal and Yemen). In addition, UNCTAD also continued to implement activities in the First IF Round Table Countries (Haiti, United Republic of Tanzania and Uganda).

Commodities

UNCTAD, in close collaboration with the Common Fund for Commodities, developed a project on "Quality assurance and enhancing export competitiveness of tropical fruits in the African LDCs". The objective of the project is to strengthen export capabilities of these countries through diversification into tropical fruits and in the process to improve the quality and quantity of their tropical fruit exports.

Mainstreaming gender

UNCTAD also undertook a project entitled: "LDCs: Building capacities for mainstreaming gender in development strategies – INTOTOCQ". Under this project, in 2002, a publication was produced on "Building capacities to mainstream gender in LDCs", and advisory missions were undertaken to Ethiopia and Mauritania. These activities contributed to a broader sensitization of LDC Governments and development partners with regard to the linkages between gender issues and the fight against poverty.

Landlocked developing countries (LLDCs)

With regard to LLDCs, the focus of the activities of UNCTAD was mainly on

providing technical and substantive assistance for the preparatory process for the International Ministerial Conference on Landlocked and Transit Developing Countries, and Donor Countries and International Financial and Development Institutions, scheduled to take place in Kazakhstan in 2003. The Ministerial Meeting, convened pursuant to General Assembly resolution 56/180, has long-term and immediate objectives. Long-term or development objectives relate to the furtherance of support actions in favour of landlocked and transit developing countries in order to facilitate their beneficial integration into the world economy and contribute to their economic development. The immediate objectives of the meeting are: to review the current situation of transit transport systems, including the implementation of the 1995 Global Framework for Transit Cooperation and to formulate appropriate policy measures and action-oriented programmes aimed at developing efficient transit-transport system. A project proposal outlining the different preparatory phases, detailed activities and financial resource requirements was prepared by the UNCTAD secretariat and submitted to potential donors for funding.

Small island developing States (SIDS)

UNCTAD's technical cooperation activities in favour of SIDS included the preparation of two country-specific vulnerability profiles (for Cape Verde and Maldives) in anticipation of the 2003 review of the list of LDCs, training on offshore financial services regulation and supervision in St. Lucia, trade policy advice to the Government of Samoa, investment policy advice to the Government of Vanuatu, support to the Forum Secretariat in the formulation of a model law for Pacific SIDS on intellectual property rights related to biodiversity, and advisory services to the SIDS that are members of the Organization of Eastern Caribbean States on issues related to WTO

negotiations. These activities constituted elements of UNCTAD's support for the implementation of the Barbados Programme of Action for the Sustainable Development of SIDS.

Division on International Trade in Goods and Services, and Commodities

Diversification and commodity-based development

The Commodity Diversification Programme aims at promoting the horizontal, vertical and geographical diversification of commodity production and trade structures, and strengthening positive linkages. In 2002, activities focused on capacity building through country-specific workshops (Gambia, Mauritius, Nigeria, Peru, Uzbekistan).

In addition, the 6th annual African Oil and Gas, Trade and Finance Conference was held in September in Yaoundé, Cameroon. It focused on the management of oil exports and imports, enhancement of local value added, developments in the oil and finance markets, and the emerging opportunities in deregulated oil markets. The Conference attracted over 600 participants from 48 countries. It is now considered as the largest event in the African energy industry.

Trade negotiations and commercial diplomacy

Work in this area assists developing countries and countries in transition on multilateral and other (regional and interregional) trade negotiations, primarily through UNCTAD's positive agenda work, as well as trade preferences; and provides training for trade negotiators and policy makers, primarily through the Commercial Diplomacy Programme, which also supports national/regional research and training institutions on international trade issues. The support

includes assessing the impact of WTO Agreements and negotiations; assistance in accession to the WTO; sectoral support for trade in services and agriculture; systemic issues such as special and differential treatment; regional integration and cooperation; GSP and other trade preferences; and strengthening developing countries' human and institutional capacities to formulate trade policy. Special attention is given to LDCs and African countries.

In 2002, developing countries, upon request, were assisted individually or as a group in assessing and identifying their strategic trade and development interests in the post-Doha work programme of the WTO. Technical assistance for SADC concentrated on trade in services to help the region to liberalize trade in services and participate in the WTO services negotiations. Advisory services and technical papers were provided, upon request, to the ACP Group of States in Geneva and in Brussels in connection with addressing development issues arising from their consideration of approaches to the negotiations with the EU on economic partnership agreements and the multilateral dimension of such partnerships under the Doha work programme. Assistance was provided to the NEPAD Secretariat in connection with the preparation of an action plan on market access priorities; the Caribbean Regional Negotiating Machinery; and the ESCWA member States and business community. Workshops on GSP and other trade laws were carried out in Guyana, Indonesia, Panama, the Philippines and Thailand. Handbooks on the GSP schemes of Japan, Bulgaria, the European Community and the United States were prepared and/or initiated. A project was initiated in collaboration with OPEC and the UNOPS Division for Arab States on "Strengthening capacities for promoting Arab economic growth under globalization" to examine the interface between multilateral trade

rules, trade in energy goods and services and domestic energy policies.

Within the framework of the "Services and development capacity building project: Working with UNCTAD to assist developing countries engage with the current negotiations on the General Agreement of Trade in Services (GATS)", supported by the United Kingdom's Department for International Development (DFID), a Senior Expert was appointed to strengthen the negotiating capacities of developing countries. Since starting up in August, the project has assisted developing countries in strengthening their positions in the negotiations on trade in services, through: (i) direct assistance to Geneva-based delegations both on horizontal issues and on the request/offer process of the service negotiations, (ii) informal meetings on issues of interest for developing countries, (iii) elaboration of multimedia training materials and concept papers, and (iv) in coordination with other projects, e.g. JITAP and the Commercial Diplomacy Programme, provision of advisory and technical support in developing countries.

In respect of the Commercial Diplomacy Programme, over 40 training events were organized in the field as well as in Geneva. They covered a wide range of topics and training materials on the regional and multilateral trade agenda, particularly the post-Doha WTO negotiations relating to agriculture (such as a Regional ECOWAS Workshop on Agriculture and Food Security, held in Conakry, Guinea), services, market access and some trade rules issues (such as a Workshop on Antidumping, co-organized with the Agency for International Trade Information and Cooperation). Several training and capacity-building tools were also developed. The programme supports research and training centres in developing countries in areas of trade negotiations on agriculture, services and trade rules. The

list of activities under the programme is shown in the website www.unctad.org/Commdip.

Competition law and policy

The programme on competition law and policy provides assistance to countries in formulating or reviewing competition policies and legislation, contributing to a better understanding of the issues involved, and building national institutional capacity. It also supports the effective participation of developing countries in WTO-related negotiations on competition issues, including the work mandated to UNCTAD by the Doha Ministerial Declaration. Details of all activities in this area are available at <http://www.unctad.org/en/subsites/cpolicy>.

In 2002 UNCTAD continued to provide capacity-building and technical assistance on competition law and policy to developing countries and countries in transition. Assistance related to preparation, drafting or revision of national competition policies and legislation was provided to Viet Nam, Lesotho, Botswana, Swaziland, Malaysia, Mauritania, China, the Lao People's Democratic Republic, Kenya, Burkina Faso, Senegal, Madagascar, Mauritius, Thailand, Pakistan, Zimbabwe and Uruguay. National seminars were organized in Mauritania, Botswana, Swaziland, Malaysia, Uruguay, Gabon, Thailand, Zimbabwe, Zambia and Lesotho.

At the regional and subregional levels, assistance on the drafting and revision of competition legislation was provided to the member States of the Common Market for Eastern and Southern Africa (COMESA) and of the West African Economic and Monetary Union (UEMOA). In addition, a number of conferences, seminars and workshops on capacity-building and multilateral cooperation were organized in the United

Arab Emirates, Burkina Faso, Egypt, Argentina, the Republic of Korea and Zambia. In line with the Doha Ministerial Declaration regarding competition issues, a first round of regional meetings for developing countries and economies in transition was organized in Panama, Tunisia, Hong Kong (China) and Ukraine. The WTO secretariat and relevant international organizations took part in all four meetings.

Trade, environment and development

The programme on trade, environment and development aims at identifying policies to address major constraints faced by developing countries in the trade/environment nexus in responding to environmental challenges, as well as at supporting their effective participation in international deliberations on this issue, in particular in the context of the WTO.

In the period under review, UNCTAD co-organized the following events: (i) with the Ministry of Industry and Commerce of India, an International Seminar on Systems for Protecting and Commercializing Traditional Knowledge in April in New Delhi; a training programme (with UNCTAD's TRAINFORTRADE Programme) for Benin, Burkina Faso and Mali; with the Government of Costa Rica, a regional post-Doha workshop on trade and environment in July in San José; and the second meeting in November in Manila, the Philippines, of the multi-stakeholder forum advising the Philippine Government on a coherent national strategy on environmentally sound and economically viable management of lead, including lead recovery. Under a project on "Building capacity for improved policy making and negotiation on key trade and environment issues," with support from the UK Department for International Development (DFID) and in cooperation with the Foundation for International Environmental Law and Development (FIELD), selected developing country

regions will be assisted in building national and regional capacities to deal with key trade, environment and development issues. The planning phase of the project was completed in December.

Several collaborative activities were undertaken with a number of organizations. A Conference on International Harmonization and Equivalence in Organic Agriculture was organized by the International Federation for Organic Agriculture Movements (IFOAM), in cooperation with UNCTAD and FAO in Nuremberg, Germany, in February. A brainstorming session on the relationship between specific trade obligations in multilateral environmental agreements and WTO rules was held in cooperation with the Agency for International Trade Information and Cooperation (AITIC) in July. A meeting on the International Treaty on Plant Genetic Resources for Food and Agriculture: Implications for Geneva-based Negotiations and National Legislation was organized in September by UNCTAD in cooperation with the Quakers United Nations Office and ActionAid.

WTO accession

UNCTAD's assistance to the Governments of acceding countries aims at: assisting national officials in elaborating optimal policy approaches in the WTO accession process, particularly in making an inventory of relevant internal and external problems to be solved, including those related to the adaptation of existing and new trade-related legislation to WTO rules and disciplines; training of national officials to strengthen their knowledge of multilateral trade negotiation techniques and tactics in order to improve their negotiating capacity; providing advice in trade policy formulation, particularly relating to the WTO accession negotiations; and strengthening the capacities of trade-supporting national institutional structures (including the

private sector and the academic community) through training and joint analysis of the relevant problem areas. In its work, UNCTAD maintained close contact and developed further cooperation with the WTO secretariat.

In 2002, UNCTAD assisted Algeria, Belarus, Bhutan (LDC), Cambodia (LDC),¹ Cape Verde (LDC), Kazakhstan, the Lao People's Democratic Republic (LDC), Nepal (LDC), the Russian Federation, Samoa (LDC), Sudan (LDC), the Former Yugoslav Republic of Macedonia,² Uzbekistan, Viet Nam, Yemen and Yugoslavia.³ Activities focused on: (a) supporting the preparations of national negotiating teams for the meetings of the WTO Working Parties on Accessions, including definition of a negotiating strategy and tactics, preparation of the Memorandum on the Foreign Trade Regime, and responding to written questions from WTO members; (b) assisting Governments in the preparation of offers on market access in goods and services and commitments on agricultural support measures sectors; (c) preparing reports and background papers on policies of acceding countries' trading partners members of the WTO with regard to accession and scenarios of accession negotiations; (d) providing expertise and advice on strengthening capacity building in the area of trade policy; and (e) training trade officials in specific trade policy issues. The impact of the technical assistance provided resulted in more effective participation by these countries' negotiating teams in the WTO accession negotiations through improved understanding of the WTO rules and disciplines and their implications for national policy options.

¹ Completed accession negotiations on 22 July 2003.

² Became WTO member on 4 April 2002.

³ Serbia and Montenegro since 2003.

TRAINS

UNCTAD developed the Trade Analysis and Information System (TRAINS) and its corresponding dissemination tool, the TRAINS CD-ROM, to provide, on request, information from its Database on Trade Control Measures and increase transparency in international trading conditions. It aims to provide a comprehensive information system for use by policy makers, trade negotiators and economic operators.

The TRAINS CD-ROM (to be issued in 2003) can be compared to a specialized library containing books on trade-related topics. It currently contains 148 volumes of tariff schedules, 85 of which are for 2002; 51 volumes of para-tariff measures; 95 publications on non-tariff measures, produced by UNCTAD; and 70 volumes on detailed import statistics at tariff line level by origin. In addition, users will soon be able to access the entire time series of the TRAINS database through the Internet. TRAINS for the Americas (a subsystem of TRAINS) has been developed in collaboration with the Inter-American Development Bank for extension of the database with information on bilateral preferential trade agreements, as well as extended coverage of non-tariff measures. Among the regional secretariats actively collaborating on TRAINS are the Latin American Integration Association (ALADI), the South Asian Association for Regional Cooperation (SAARC), the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA), the Central African Economic and Monetary Community (CEMAC) and the South African Development Committee (SADC).

Division for Services Infrastructure for Development and Trade Efficiency

ICT and electronic commerce for development

The programme on electronic commerce aims at assisting countries in identifying policies and strategies for benefiting from e-commerce, thus alleviating the international digital divide. The year 2002 was the starting point of a series of regional meetings to examine policy options. The first meeting was for Central America and the Caribbean (Curaçao, 25–27 June), followed in November by the Asia-Pacific region (Bangkok, 20–22 November). A national conference on eMerge was organized in Pakistan in September 2002 with similar objectives.

UNCTAD also participated in the work of the UN ICT Task Force and in the preparations for the World Summit on the Information Society scheduled to be held in Geneva in 2003 and Tunis in 2005.

In November 2002, UNCTAD published its second annual *Electronic Commerce and Development Report*.

Advance Cargo Information System (ACIS)

The Advance Cargo Information System (ACIS), which is active in 16 countries in Asia and Africa, continued to provide transport operations in beneficiary countries with the latest technological and management tools to improve the efficiency of the transport sector.

The results of an independent report on the implementation of ACIS in five railways and two ports of Eastern Africa will pave the way for the successful conclusion of a second phase whereby all COMESA Member Countries will benefit from the installation of ACIS. The evaluation showed that Rail Tracker has produced additional revenue due to higher

equipment productivity of US\$ 20.5 million per year and reduced rail wagon hire charges by US\$ 6.4 million per annum. The installation of RailTracker started on the State Railways of Thailand.

Automated System for Customs Data (ASYCUDA)

In 2002, ASYCUDA continued to be the major UN technical cooperation project in the Customs field and is now operational in over 80 countries. ASYCUDA has become a de facto standard component of Customs reform valued by donor organizations as well as beneficiaries. External (Romania) and internal (Jordan, Estonia) evaluations confirmed the efficiency of the system in providing Customs administrations and the trade community with a modern and efficient tool for the simplification of the Customs clearance process. It is significant that most of the projects have been directly funded by the beneficiary countries (most being LDCs), which demonstrates the utility of the system.

In March 2002, UNCTAD launched the latest release of AsycudaWorld, an Internet-based system that allows Customs administrations and the trading community to participate directly in e-commerce.

Trade facilitation

In the area of trade facilitation, UNCTAD's technical cooperation activities aim at establishing a favorable domestic environment for international trade transactions, based on effectively implemented international instruments, recognized best commercial practices and common standards. In 2002, UNCTAD continued the execution of two projects (Nepal and Pakistan), both aimed at the promotion of trade and transport sectors. Furthermore, UNCTAD initiated a project on Multimodal Transport and Trade Facilitation for member countries of the Economic Cooperation Organization (ECO).

Trade Point Programme

The main thrust of the secretariat's activities in 2002 was to support the World Trade Point Federation in becoming fully operational. At the Third General Assembly Meeting of the Federation, held in Beirut in November 2002, the formal contract between UNCTAD and the Federation regarding the transfer of the entire Programme was signed.

Given that the Federation faces the double challenge of having to provide added value to its member Trade Points and reach sustainability, member States decided, in the Working Party on the Medium-term Plan and the Programme Budget at its session in September 2002, that UNCTAD would continue providing support to the secretariat of the Federation and in the area of capacity-building for Trade Points. This mandate will be reviewed at UNCTAD XI.

In 2002, the Federation started negotiations with potential partners with regard to the Global Trade Directory Services and the certification of companies. In partnership with Trade Point Castilla La Mancha, Spain, it also developed an enhanced Electronic Trading Opportunity (ETO) service which is part of the new website of the Federation.

Human Resources Development (TrainForTrade, Port Certificate)

As stated in the progress report prepared for the consideration of the members of the Working Party on the Medium-Term Plan and the Programme Budget at its thirty-ninth session (TD/B/WP/153), the integration of TrainMar components into human resources development activities has now been completed. A new training strategy for port communities has been developed to enable middle managers of port community enterprises to acquire an overall understanding of port management and deepen their knowledge in specific areas.

UNCTAD has also expanded its TrainForTrade activities by further collaborating with other UNCTAD substantive programmes. It has developed and validated three pedagogic packages in the areas of investment promotion, environment and trade, and international trade financing. Moreover, a TrainForTrade instructors' workshop was organized in Cotonou, Benin, for future trainers from three LDCs that had been identified during previous TrainForTrade training seminars.

Cooperation with educational institutions from developed and developing countries was intensified; for example, agreements were signed with UNED (Universidad Nacional de Educación a Distancia) and the Open University of Lisbon.

A new virtual tool, the "V-Net" (Virtual Network), was created to facilitate cooperation between operators from different participating countries, experts and UNCTAD partners.

Training Course on Key Issues on the International Economic Agenda

Under paragraph 166 of the UNCTAD X

Plan of Action, UNCTAD was asked to organize courses to enhance the capacity of officials from developing countries to identify the issues and approaches adopted in current international economic policies, especially those with a development dimension, within UNCTAD's field of competence. In 2002, UNCTAD organized two training courses – one in Geneva and Turin in July–August and the other, with a regional focus, at the International Institute for Trade and Development, Bangkok, in November. Some 44 participants attended the course in Turin, while 25 were chosen for the Bangkok course.

All participants expressed great satisfaction with respect to the usefulness of these courses to their work and to their understanding of the issues at stake. Many requested that specific courses be designed for their regions or countries in specific areas, e.g. competition law and policy or international finance.

A website was created for this activity, including a forum for participants to exchange views and to raise questions with lecturers from UNCTAD.

Chapter III

UNCTAD'S COOPERATION WITH OTHER ORGANIZATIONS

Joint ITC/UNCTAD/WTO Integrated Technical Assistance Programme for Selected Least Developed and Other African Countries (JITAP)

One of the main objectives of the "Follow-up of the Trade Round Table: Pilot Phase of the Integrated Framework" is to facilitate the mainstreaming of the trade agenda into national development plans and poverty alleviation strategies. Within this framework, UNCTAD supports the implementation in Uganda and the United Republic of Tanzania of institutional strengthening for national deliberations and consensus building on international trade issues and negotiations. This support is coordinated with assistance provided under JITAP, increasing the synergy between these two programmes at the country level.

JITAP is the integrated response of ITC, UNCTAD and WTO, in collaboration with interested international donors, to assist in building human, institutional and policy capacities and export strategies in beneficiary African countries to better understand, manage and take advantage of their integration into the international trading system. The beneficiaries were Benin, Burkina Faso, the United Republic of Tanzania, and Uganda (LDCs); Côte d'Ivoire, Ghana, Kenya and Tunisia.

In 2002, the final year of operation of JITAP, an evaluation was conducted between February and May 2002 by external evaluators, which concluded with a recommendation on the continuation of JITAP. A series of consultations were organized in this respect, culminating in an agreement reached in December 2002 by beneficiary and donor countries, together with the three executing agencies, to

launch a Phase II of JITAP from 2003 to 2006 with total financing of US\$ 12.6 million. The programme will cover 16 countries, including the current eight beneficiary countries and eight new countries, namely Botswana, Cameroon, Malawi, Mali, Mauritania, Mozambique, Senegal and Zambia. As regards capacity building activities for the initial eight countries, all were completed by the end of the year, with key results in information dissemination, reference centres and national enquiry points, inter-institutional committees (IICs), human resource training, and export sector strategies. UNCTAD bore the lead responsibility for the strengthening of the IICs and their affiliated bodies. The IICs are fully operational in all JITAP countries and have acquired credibility, with many of them now acting as advisory bodies to the Governments on trade policy and negotiation issues.

Capacity building for trade development in Africa: Support to ongoing multilateral trade negotiations

This programme is supported by UNDP and executed by several organizations, including UNCTAD. UNCTAD provided analytical and advisory support to African countries in assessing negotiation objectives and policy responses to the Doha work programme. Advisory missions were conducted upon request in several African countries, including Burundi and the Democratic Republic of the Congo. A workshop on services issues in the GATS negotiations was organized by the collaborating agencies in Geneva in September for Geneva-based trade negotiators on the identification of areas of interest for African countries in the

request-offer phase. The report of the workshop is being published.

UNEP-UNCTAD Capacity-Building Task Force for Trade, Environment and Development (CBTF)

Under this programme, a workshop was held in February in Brussels, Belgium, to discuss policy options to promote production and trading opportunities for organic agricultural products from developing countries. The workshop, which was funded by a grant from the European Commission⁴ and hosted by the ACP secretariat, allowed for a very informative and constructive dialogue that involved policy makers and representatives of certification bodies, intergovernmental organizations, aid agencies, organic farmers' associations, civil society, academics and other stakeholders from developing and developed countries. Experts from 16 developing countries – Argentina, Bolivia, Cambodia, Chile, Costa Rica, Ethiopia, Haiti, India, Kenya, Mozambique, Peru, Senegal, South Africa, Tunisia, Uganda and Zambia – as well as representatives from ACP missions in Brussels attended the meeting.

Cooperation between the UNCTAD, UNEP and WTO secretariats was strengthened, including through CBTF workshops organized back-to-back with WTO Regional Seminars on Trade and Environment. The CBTF organized workshops on Post-Doha Negotiating Issues on Trade and Environment in Paragraph 31 back-to-back with WTO regional seminars for Asian developing countries in Singapore in May and for Pacific island countries in Fiji in November. Participants in the latter

workshop made recommendations on the focus of future CBTF activities for Pacific island countries. These recommendations will be taken into account when implementing the second phase of the CBTF.

BIOTRADE Initiative

In 2002, the BIOTRADE Initiative, which seeks to promote trade and investment in biological resources to further sustainable development, continued to support ongoing programmes in Latin America and initiated a number of new activities in various other regions of the world. BIOTRADE country and regional programmes were ongoing in Colombia, Ecuador, Peru and Brazil. They received support for institutional strengthening and specific projects to increase capacities of local actors seeking to trade natural products. A new US\$ 4 million BIOTRADE country programme was launched in Bolivia, with the support of the Governments of the Netherlands and Switzerland. Significant attention was given to regional cooperation in the Andean region, including regional coordination seminars of BIOTRADE partners and focal points on technical issues related to trade in natural products.

In order to broaden the scope of the activities of the BIOTRADE Initiative, activities were also initiated in Africa and Indonesia. Preparatory activities were undertaken to develop a BIOTRADE country programme in Uganda, and two Asian countries and five countries in Southern Africa were included in the new programme on export promotion launched in September.

During the World Summit on Sustainable Development, held in September 2002 in Johannesburg, three partnerships were signed in support of the BIOTRADE Initiative. These partnerships were officially included in the outcomes of the WSSD as type-II partnerships. They are:

⁴ In addition, the UNCTAD Trust Fund for the Least Developed Countries provided support to enable experts from selected LDCs to attend this meeting, as well as the Conference on International Harmonization and Equivalence in Organic Agriculture.

the Andean BIOTRADE Programme, in partnership with the Andean Community, the Andean Development Corporation and UNCTAD; an Investor Forum for biodiversity-based businesses organized jointly by the World Resources Institute, the Andean Development Corporation and UNCTAD; and the BioTrade Facilitation Programme, developed jointly with the International Trade Centre UNCTAD/WTO. In addition, a Memorandum of Understanding was signed with the secretariat of the Ramsar Convention on Wetlands.

The BIOTRADE Facilitation Programme, a subprogramme of the BIOTRADE Initiative, secured funding of US\$ 5 million from the Governments of the Netherlands and Switzerland. This subprogramme provides hands-on assistance in export promotion to enterprises (for example small, medium and community-based enterprises) through various partners in developing and developed countries.

A number of existing partnerships were deepened further and new ones developed. New partners of the BIOTRADE Initiative included: the World Resources Institute, the Dutch Centre for the Promotion of Imports from Developing Countries, the Swiss Import Promotion Programme, the Ramsar Convention, and PhytoTrade Africa.

Climate Change Programme

In 2002, the Climate Change Programme, which focuses on exploring the economic, trade and investment impacts of climate change, continued to support effective participation of developing and transitional countries in the emerging carbon market. The programme supported the implementation of the inter-agency UNF-funded project "Engaging the Private Sector in Clean Development Mechanism (CDM) Project Activities under the UNFCCC/Kyoto Protocol", which focuses

on strengthening the capacity of investment promotion agencies and private sector institutions for CDM implementation in Brazil. In cooperation with the Banco Nacional de Desenvolvimento Economico e Social (BNDES – Brazilian National Bank for Economic and Social Development), the programme provided technical assistance to the Inter-Ministerial Commission on Climate Change, the national focal point for climate policy making to promote and facilitate CDM investment projects in Brazil as part of the implementation of the Kyoto Protocol.

The CDM project supported the preparation of basic documentation on the rules adopted for the CDM under the Kyoto Protocol to the UNFCCC. Support included the appropriate adaptation of CDM rules to the legal circumstances and current practices related to foreign direct investment in Brazil, as well as their wide dissemination through a practical guide for CDM implementation in the country. A CDM Implementation Workshop was organized by UNCTAD, BNDES and the Ministry of Science and Technology at the BNDES Headquarters in December 2002, during which UNCTAD and BNDES launched the National CDM Implementing Guide in two languages.

Following the success of the CDM project in Brazil and with financial support from the Government of Norway, the programme launched another project "Getting Started with CDM in Least Developed Countries". In consultation with LDC representatives to the UNFCCC negotiations, the United Republic of Tanzania was chosen as the pilot/model country to develop a National CDM Investors' Guide. Through its policy fora and capacity building workshops, training, publications and participation in the UNFCCC's subsidiary bodies and Conference of the Parties, the programme played a significant role in assisting the

development of this market and in engaging a wide range of stakeholders, including Governments, NGOs and the private sector, in this process.

In cooperation with the United Nations Environment Programme Collaborating Centre on Energy and Environment, the programme published *An Emerging Market for the Environment: A Guide to Emissions Trading*. Other publications included: *A Layperson's Guide to the Clean Development Mechanism: The Rules from Marrakech*, *The Kyoto Protocol and the Emerging Carbon Market* and an UNCTAD discussion paper on "Domestic climate change policies and the WTO". The wrap-up issue of the *Trader*, the programme's newsletter dedicated to developments in the global

carbon market, was also published in 2002.

In partnership with the Earth Council, the Carbon Market E-Learning Center (www.LearnSD.org) was launched to provide complementary learning opportunities to a global audience regarding the use of emissions trading, including trading in CDM and Joint Implementation credits, as an economic instrument for implementing the UNFCCC and the Kyoto Protocol.

Finally, the UNF-funded "Plurilateral Greenhouse Gas Emissions Trading Emissions Trading" project was officially concluded and evaluated in 2002. The evaluation has been circulated, commented on and accepted.

Chapter IV

SELECTED MAJOR PUBLICATIONS

Trade and Development Report 2002

The *Trade and Development Report 2002 (TDR)* and its *Overview* served as background to the deliberations in the Trade and Development Board on interdependence and global economic issues from a trade and development perspective. The *Report* examined the growing participation of developing countries in the trading system during the past two decades and accompanying changes in trade patterns. In particular, it asked whether the shift away from primary exports and an impressive growth in manufacturing exports, including in some high-tech goods, translated into an equally strong performance in manufacturing value added. The *TDR* paid particular attention to the impact of trade liberalization and to the emergence of international production networks in products such as clothing, telecommunications and audiovisual goods in shaping outcomes. In light of the growing participation of developing countries in world manufacturing trade, including some very large countries, the *Report* also considered whether unfavourable price movements for the exports of labour-intensive manufactures could have an adverse influence on the contribution of trade to development prospects. The *TDR* also offered an analysis of China's recent entry into the trading system from the point of view of both its own future growth prospects and those of other developing countries. The performance of the world economy was reviewed both at the regional level and in

terms of developments in international financial markets, and the outcome of negotiations at the Doha Ministerial meeting of the WTO were discussed in some detail.

World Investment Report 2002: TNCs and Export Competitiveness

In a globalizing world economy, the topic of TNCs and export competitiveness responded to the need for a better understanding of how government policy can help developing countries and economies in transition take advantage of the evolving international production systems of TNCs in order to advance their own economic development. The principal findings of the analysis in the *World Investment Report* in this regard are thought-provoking: while the list of the top exporting countries of the world is dominated by developed countries, developing countries and economies in transition accounted for the main gains in world export market shares between 1985 and 2000. The role of TNCs in world trade is pervasive, and this is especially true in most countries that have boasted substantial export increases. *WIR02* includes six case studies – China, Costa Rica, Hungary, Ireland, Mexico and the Republic of Korea – for which it examines the link between TNCs and exports down to the firm level. Changing corporate strategies are driving the most dynamic parts of world trade, especially in the electronics, automotive and apparel industries. The motivations behind these efficiency-seeking investments appear to be even stronger now than they were

before the global economic downturn. Increased competition is at the root of this change. The challenge for countries that would like to improve their export competitiveness in association with TNCs is, first, to link up with the international production system of these firms and, next, to benefit more from them. The role of policies is key. The continuous need for countries to move up the value-added ladder and improve the attractiveness of their locational advantages calls for more sophisticated and comprehensive policy approaches that take into account changes in corporate strategies and international rule making. At the top of the agenda should be the development of domestic capacities. Additional information is available at <http://www.unctad.org/wir>.

Least Developed Countries Report 2002

The *Least Developed Countries Report 2002*, entitled "Escaping the Poverty Trap", is a major element in the secretariat's research and policy analysis work on LDCs. The *Report* and its *Overview* served as background to the deliberations at the first executive session of the Trade and Development Board on the extent, specificity and causes of poverty in LDCs. The *Report*, after reviewing recent developments in LDCs and assessing the extent to which it is possible to describe where the LDCs stand in relation to the quantified, time-bound targets specified in the Programme of Action for LDCs for the decade 2001–2010, undertook the first analysis of poverty focusing directly on the LDCs. Since internationally comparable data on poverty trends were not available, the *Report* sought to rectify this deficiency by constructing a new data set on poverty in LDCs by combining national accounts and household survey statistics. On this basis, it described the specificity of poverty in LDCs, and analysed the complex

interrelationships between growth and poverty, and the ways in which these are affected by international trade. It provided a detailed account of generalized poverty in LDCs and analysed the pattern of trade integration. It paid particular attention to the relationship between commodity dependence and poverty and considered the implications of the analysis for making poverty reduction strategies more effective and international measures more supportive.

E-commerce and Development Report 2002

The *E-commerce and Development Report* provides an analysis of major developments in e-commerce and ICT, as well as policy recommendations of particular interest to developing countries. The intention of the publication is to provide greater access to knowledge for developing countries about e-commerce and ICT issues, thus contributing to their capacity building and their ability to develop policies and strategies about e-commerce and ICT. Different issues of the *Report* are intended to contribute towards an ongoing, comprehensive study of various interrelated themes of e-commerce and ICT.

The 2002 issue was the second issue following the 2001 issue. It was in two parts. The first presents an overview of the state of electronic commerce in the world; the domain name system; gender, e-commerce and development; and m-commerce. The second part deals with the application of e-commerce and ICT to selected sectors, including IT industry, finance, publishing, insurance and services. Additional information is available at <http://www.unctad.org/ecommerce>.

Review of Maritime Transport 2002

The *Review of Maritime Transport* is a comprehensive study providing up-to-date statistics and information on maritime and ancillary services. It focuses on developments concerning maritime activities in both developed and developing countries. It provides a complete view of the development of world seaborne trade, world fleet size by principal types of vessel, ownership of the world fleet by countries of registration, fleet development, supply and demand in world shipping, the average age of the world fleet, productivity, and freight markets and rates.

The *Review* also contains chapters on port development, including container port traffic and container terminal throughput, as well as developments in trade and transport, including multimodal transport. As the *Review* has been published annually since 1968, a significant time series has been built up, and the *Review* compares statistics of recent years with the figures from 1970, 1980 and 1990. Developments in Latin American trade and maritime transport are featured in this edition.

Other publications

Economic Development in Africa - From Adjustment to Poverty Reduction: What is New?

This report reviewed the policy content of the poverty reduction programmes in Africa and analysed the extent to which the new poverty focus of the Bretton Woods institutions differs fundamentally from the structural adjustment programmes applied over the past 20 years. It discussed issues of country ownership and participation, conditionality, macroeconomic policy

measures and the new emphasis on primary health care, education and governance. It drew a number of policy conclusions with a view to ensuring that

both national and international policies are conducive to growth and poverty alleviation on the continent.

UNCTAD Discussion Papers

The *UNCTAD Discussion Papers* are a series of scholarly papers on all aspects of international trade, finance, investment, technology and macroeconomics in the context of development. The papers, authored by UNCTAD staff, visiting consultants and external researchers, are selected on the basis of their analytical quality and policy relevance. Eight papers were issued in 2002 in this series; they addressed a number of issues related to China's increasing role in world trade and the country's accession to WTO; the Turkish financial crisis; dynamic products in world trade; and domestic climate change policies in relation to WTO agreements.

G-24 Discussion Papers

These papers are prepared under the Project of Technical Support to the Intergovernmental Group of 24 on International Monetary Affairs (G-24) supporting policy formulation in developing countries in the areas of money, finance and development. They are published jointly with the Center for International Development at Harvard University. The four papers published in this series in 2002 covered the impact of G-3 currency volatility on developing countries; the politics of legal reform in developing countries; international and developmental dimensions of competition and competition policy in emerging markets; and operational implications of international public goods.