

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

**Report of the Commission on Trade in Goods and
Services, and Commodities on its fourth session**

held at the Palais des Nations, Geneva,
from 11 to 14 October 1999



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Chapter I

AGREED CONCLUSIONS AND RECOMMENDATIONS ADOPTED BY THE COMMISSION ON TRADE IN GOODS AND SERVICES, AND COMMODITIES AT ITS FOURTH SESSION ¹

Agenda item 3: Analysis of factors affecting the production and trade of commodities, such as the implications of financial crises, the reasons for and the effects of the collapse in commodity prices, and the impact of changing distribution and market structures

1. The Commission notes that many developing countries continue to be dependent on commodities for their export earnings. At the same time, the share of developing countries in the major segment of world commodity exports, agricultural commodities, has declined, among other reasons, as a result of agricultural production, processing and export support policies in developed countries. Moreover, the recent financial crises illustrate the fragility and vulnerability of commodity-dependent economies to external shocks and the need for the competitive position of these countries to be improved so that they can achieve diversification and broader-based economic development.

A. Addressed to Governments

2. Commodity trade policies and trade liberalization for commodities should be oriented towards establishing a fair and market-oriented agricultural trading system and made more consistent with the development objectives of developing countries. In developing countries, particularly in countries where the majority of the working population is employed on small-scale family farms, ways and means need to be sought to ensure that trade makes a more decisive contribution to alleviating poverty.

3. The supply capacities and competitiveness of developing countries in international commodity markets need to be enhanced. Cooperative arrangements among enterprises in developing countries for improving supply reliability and quality should be considered, as should a new generation of business-oriented domestic institutions to fill the void created by the abolition of traditional marketing boards. Efforts should be made to strengthen their indigenous research and development capacities and to improve the provision on a decentralized basis of extension services.

4. The physical and administrative infrastructure for trade is inadequate in many developing countries, resulting in inefficient logistics, high transaction costs and loss of market opportunities.

¹ Adopted at its closing plenary meeting on 14 October 1999.

Governments need to support the creation of such infrastructure and to accept a greater role for the private sector in its provision.

5. In the light of the penetration by international trade houses and other transnational companies into procurement and distribution activities in developing countries' domestic commodity markets, efforts need to be made to ensure that local farmers, processors and traders are in a position to participate equitably in these markets, for example, by improving their access to essential services such as credit, and increasing transparency in the activities of governmental and non-governmental enterprises. Efforts should be made to decentralize existing international commodity market concentration with a view to enhancing producer-consumer cooperation.

6. As a result of liberalization, developing-country producers and consumers are fully exposed to world market price instability. Governments need to explore the possibilities of market-based safety-net approaches both for export-oriented sectors and for the protection of low-income consumers.

B. Addressed to the international community

7. Trade negotiations on agriculture should address issues of interest to developing countries, taking into account, *inter alia*, issues identified in the agreed conclusions of the Expert Meeting on examining trade in the agricultural sector (TD/B/COM.1/23). The commitment to provide financial and technical assistance that are more focused on the problems of food security in the least developed countries (LDCs) should also be considered.

8. Improved market access conditions for agricultural products of export interest to LDCs on as broad and liberal basis as possible, and the implementation of market access commitments made at the High-level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development in October 1997, should also be pursued.

9. The existing mechanisms for helping to stabilize commodity export earnings should be improved so as to respond to the real concerns of developing-country producers; this involves eliminating conditionality, expanding the resources available to the facilities, adapting the formulas used so that payments respond more quickly to actual market conditions, and making use of new financial instruments for price risk management for dealing with that part of export-earnings instability linked to price volatility rather than to variations in volumes.

10. Diversification, both within and outside the commodity sector, should be pursued and encouraged as a viable strategy for reducing commodity dependence and maximizing socio-economic gains. Expanding the export base, increasing value added and promoting investment all require support in the form of technical and financial assistance from the international community.

11. Commodity sectors are increasingly vulnerable to international price shocks. Apart from general policies to strengthen the financial system as a whole, specific preventive measures can

be taken in the commodity sector to reduce the negative effects of financial crises. Developing countries should be given the leeway by bilateral and multilateral donors to take the necessary measures to protect crucial sectors from the effects of international shocks. The capacity of developing-country buyers and sellers to use price risk management markets should be reinforced through the strengthening of the efforts by UNCTAD and other intergovernmental bodies.

12. The withdrawal of Governments from commodity marketing has in many countries led to a disruption in the supply of basic technology, extension services and inputs to farmers, quality control services, warehousing and transport, risk management, financing and market intelligence. To overcome this problem, the international community should assist Governments in:

- (a) Identifying and promoting new models under which the private sector can provide such services, and undertake awareness-raising and training on these models; and
- (b) Ensuring that such services continue to be provided to farmers until the private sector has built up its capacity to provide them, for example, through the creation of new business-oriented government facilities.

13. The international community should support the emergence of new pricing and trading mechanisms, including through policy advice on the development of commodity exchanges of various kinds (trading physical commodities and/or forward or futures contracts, using a physical auction site or electronic means) and on relevant regulatory structures, by providing training for exchange managers and potential exchange users, and by stimulating the exchange of experiences between country regulators and between exchanges.

14. Market transparency and information on commodities should be improved, as should the capacity of developing-country enterprises to access and use information, particularly in electronic form, and training to this end should be supported. Exchange of information and experiences among developing-country producers and others involved in the commodity sector should be supported through entities such as international commodity organizations and international study groups. Such groups could also act as focal points for the discussion of new sanitary and phytosanitary and product identification policies. In addition, the efforts of intergovernmental organizations such as UNCTAD in promoting market transparency need to be strengthened and merit more support from the international donor community. In this regard, due consideration should be given to the affordability of information, in particular for least developed countries. Finally, more work is needed to ensure the efficient dissemination of information, and to provide the necessary training for users of such information.

15. It is recommended that the Common Fund for Commodities, being a major financier of commodity development activities, continue to support research and development for promoting diversification, improvement of productivity and competitiveness. It is also recommended that it continue to stimulate the creation of new demand outlets for developing-country products, the development and marketing of premium-quality products and investment in commodity development technologies.

C. Addressed to UNCTAD

16. Given the importance of commodities to many developing countries for employment, income and export earnings, UNCTAD should continue its support to developing countries in this area. In view of the proximity of UNCTAD X, the Commission considers that such support should be based on the mandates given by paragraph 91 (v) of the Midrand final document, “A Partnership for Growth and Development” (TD/B/378/Rev.1).

Agenda item 4: Analysis of certain services sectors, including analysis of successful experiences in those sectors, particularly those which enhance the export capacity of developing countries (such as professional and business services and access to transport services), including the development implications of electronic commerce

17. The Commission, following an examination of certain service sectors and the development implications of electronic commerce, recommends that the Trade and Development Board endorse the following agreed conclusions.

A. Addressed to national Governments

18. The following policy initiatives could be taken at the national level:

- (a) Formulate a coherent strategy for raising the profile of service industries and exports in the domestic economy so that services exports are seen as being vital to economic development. Such a strategy would call for improving the services infrastructure, particularly the information technology and telecommunications infrastructure, financial services and undertaking human resource and institutional capacity-building;
- (b) Undertake regulatory reform required to ensure a coherent, procompetitive regulatory framework for goods and services, trade and investment;
- (c) Provide sufficient support to help small and medium-sized enterprises to access new technologies, management techniques and financial resources and to enhance their capacity to produce the critical mass of services at the required quality levels necessary for exports;
- (d) Identify preconditions necessary to permit liberalization to contribute to social and developmental goals;
- (e) Identify barriers to service exports, including to the movement of natural persons, for example by circulating questionnaires to the private sector in respect of problems faced by them;

- (f) Support service exporters by strengthening their national service industry associations as agents to establish and encourage, on a voluntary basis, codes of conduct and standards for professional education. Such associations can also link members to potential partners in target export markets and serve as a coherent voice for the needs of the service industry;
- (g) Take advantage of the MAST (Measures Affecting Service Trade) database to disseminate the national trade regime applied to services;
- (h) Accelerate the effective inclusion of services and their liberalization in regional and subregional arrangements and strengthen supply and export capacity through such arrangements.

B. Addressed to the international community

19. The international community is invited to take the following initiatives:

- (a) Increase the participation of developing countries in trade in services through assisting them to build supply capacity and remove the barriers faced by their labour-intensive exports as provided for under article IV of the General Agreement on Trade in Services (GATS), and, to this end, provide them with meaningful commercial opportunities in sectors and modes of supply of interest to them;
- (b) Support the development of appropriate telecommunications infrastructure, interconnectivity, interoperability and access to information technology in developing countries to allow them to benefit from opportunities offered by electronic commerce;
- (c) Encourage that, in accordance with article XIX.2 of GATS, developing countries be provided with appropriate flexibility for opening fewer sectors and liberalizing fewer types of transactions, progressively extending market access in line with their development situation and when making access to their markets available to foreign service suppliers, attaching to such access conditions aimed at achieving the objectives referred to in article IV of GATS;
- (d) Facilitate the recognition of qualifications of professionals from developing countries and provide them with effective access to mutual recognition agreements;
- (e) Provide non-discriminatory access to information channels and distribution networks such as the global distribution system (GDS) in the air transport and tourism sectors;

- (f) Facilitate developing-country firms' access to international financial markets in view of the growing importance of financing in winning projects in export markets;
- (g) Discipline anti-competitive conduct that is adversely affecting services exports of developing countries;
- (h) Consider the possibilities of establishing disciplines on subsidies and investment incentives, including at sub-national levels, that adversely affect trade in services;
- (i) Assist the UNCTAD secretariat in improving services statistics to meet the needs of policy makers and trade negotiators for the next round of GATS negotiations.

C. Addressed to UNCTAD

20. Given the importance of the services sector to many developing countries for employment, income and export earnings, UNCTAD should continue its support to developing countries in this area. In view of the proximity of UNCTAD X, the Commission considers that such support should be based on the mandates given by paragraph 91 (ii) of the Midrand final document "A Partnership for Growth and Development" (TD/B/378/Rev.1).

Agenda item 6: Progress report on the implementation of agreed conclusions and recommendations of the Commission

21. The Commission recognized that the issues in the areas of international trade in goods and services, as identified in paragraph 91 (i, ii, iv and v) of the Midrand final document, "A Partnership for Growth and Development" (TD/B/378/Rev.1), had been addressed in its four sessions and the relevant expert meetings. The Commission noted that the issues of competition law and policy, as specified in paragraph 91(iii) of the final document had been addressed within the Commission on Investment, Technology and Related Financial Issues, in accordance with paragraph 110 of the final document, and within the Intergovernmental Group of Experts on Competition Law and Policy.

22. The Commission also recognized that its discussions and the analysis of the trade issues by the secretariat as well as the technical cooperation activities undertaken had made a positive contribution to the effective integration of developing countries, particularly LDCs and certain developing countries with structurally weak and vulnerable economies, as well as the economies in transition, into the international trading system.

23. The Commission expressed its satisfaction with the work undertaken by its expert meetings and the documentation prepared by the secretariat for the expert meetings.

24. The Commission emphasized the need, however, for a more meaningful interface between the Commission and its expert meetings with a view to achieving better synergies in their work, in accordance with paragraph 114 of the Midrand final document.
25. The Commission recognized that the follow-up to policy recommendations by Governments was an issue that required further consideration.
26. The Commission stressed the need for strengthening the work in the areas of international trade in goods and services, and commodities. The emphasis should be placed on assisting developing countries in participating effectively in the upcoming international trade negotiations, including in their elaboration of a positive agenda.
27. The Commission considered it necessary for the analytical capacity of the secretariat to be strengthened for carrying out in-depth analysis of the core issues of international trade and competition law and policy, particularly of their development dimensions, as well as for the related quantitative work.
28. The Commission noted with appreciation the progress report on the implementation of the agreed conclusions and recommendations prepared for its fourth session as well as the overview provided by the Director of the Division on International Trade in Goods and Services, and Commodities on the implementation of the work programme for the period 1996-1999. The Commission recognized the progress made in the implementation of the work programme in accordance with the mandate, as provided for in paragraphs 91 and 97 (ii) of the Midrand final document.

Chapter II

OPENING STATEMENTS

29. The **Secretary-General of UNCTAD** said that the present session of the Commission was particularly important as it was taking place towards the end of the preparatory processes for the forthcoming World Trade Organization (WTO) Ministerial Conference in Seattle and for UNCTAD X. The usefulness of the session would be judged on whether it made a real difference in the debate on trade. It provided an opportunity for the Commission to evaluate its performance and to introduce incremental improvements, so as to make the intergovernmental machinery more useful to member States. The link between analytical work and negotiations should be strengthened, so that ideas arising from the analysis were reflected in negotiations in other organizations, particularly in WTO. Some such ideas – for instance, the positive agenda and the commercial diplomacy programme – were already at the implementation stage.

30. In the area of commodities, there was a greater need than ever to go back to sound analytical work. The situation in that area continued to be a cause of concern, with prices having recovered for only a few commodities, such as oil, with recovery being achieved by means of supply management, or, in other words, production cuts. Many previous attempts to solve the problems of commodities had not been successful and there was a need for balanced and serious reflection. The recent Expert Meeting on the impact of changing supply-and-demand market structures on commodity prices and exports of major interest to developing countries had shown that the *problématique* was extremely complex and that there was no scope for simple remedies. The issue of commodities would have to be addressed at UNCTAD X and thereafter. Indeed, it was inevitable that they would be addressed, if only because agriculture, which accounted for around four-fifths of world non-fuel commodity trade, was part of the built-in agenda and would be the subject of negotiations in WTO after the Seattle Conference.

31. He suggested that the Commission should address three pressing issues. The first was the classical problem of why the share of developing countries in world commodity exports had been declining while the share of developed countries had been growing. Some of the answers were related to market structures, while others were related to supply capacities. In that connection, greater concentration in international commodity markets was increasing the need for improved competition policies and practices. UNCTAD had to reinforce its analytical work on commodity markets as a matter of urgency in order to provide more precise answers. The publication of the *World Commodity Survey, 1999-2000* was a first positive reflection of that. Furthermore, the scope of generic and cross-cutting issues had to be determined, problems identified and potential solutions fully and thoroughly analysed by the secretariat in collaboration with other relevant institutions.

32. The second issue concerned the value-added chain. It was necessary to identify practical and useful ideas to enable developing countries to capture more of the value added in the processing and distribution chain. The role of know-how and technology should be clarified, as

should that of support policies and subsidies in developed countries, and remedies should be identified.

33. The third issue had to do with the market instruments used to correct problems. In that respect, risk management was a subject that UNCTAD had been almost alone in developing. Market-based instruments such as structured commodity financing not only reduced potential risks but also corrected domestic market distortions. UNCTAD was a major partner in the risk management initiative recently launched by the World Bank. It was to be expected that, with the extensive resources of the World Bank available, more targeted and focused work would be accomplished in that area. At the same time, while UNCTAD's work should continue to have its own specificity, a greater impact could be achieved by developing strategic alliances with other relevant institutions.

34. The uniqueness of UNCTAD's approach to the international trading system, including trade in services, was its emphasis on the development dimension and on the centrality of the needs of developing countries. That emphasis was not to ignore the understandable and justifiable concerns of other countries, but to take into account the legitimate interests of all members of the international trading system and at the same time concentrate on the needs and aspirations of the weakest members. The existence of an effective and durable international trading system was in the interest of all members, but it could only be achieved through the full integration of more countries, so that the system was able to generate growth through trade in services and in goods.

35. It was with that basic concern for the development dimension in mind that the important issues of services and electronic commerce, which were currently among the most topical trade issues, should be addressed. International attention to trade in services was still very much in the early stages, and much work remained to be done, despite the conclusion of that very important agreement, the General Agreement on Trade in Services (GATS). More analytical work was needed on the possible contribution of the service sector to the development of developing countries. There had been some encouraging success stories in that sector. In the case of some small developing countries, services offered the possibility of modernizing their economies and generating trade without undergoing the whole historical process followed by industrialized countries of industrialization based on large domestic markets. To take some examples, the Dominican Republic was using telecommunication facilities to export data-processing services to major corporations in the United States; service industries, in the form of the recreation and music industries, were making an important contribution to the Jamaican economy; and the success of India in the production and export of software was well-known – and over a third of the new firms created in California's Silicon Valley had as directors and founders people of Indian or Chinese origin. Such people were instrumental in strengthening the commercial ties between the United States, with its growing demand for software products, and their countries of origin, which had significant comparative advantages in the supply of highly-qualified professionals.

36. There were some very promising and encouraging examples of the potential of trade in services for developing countries; the participation of developing countries in trade in services had increased by 6 per cent. Hence the work of the Commission and the intergovernmental expert meetings, in cooperation with other international organizations, on examining success stories and

identifying new opportunities in service sectors, especially in health, tourism, air transport and environmental services, was particularly useful. Work would also be useful in the field of construction and other professional services which depended to a large degree on improvements in regulations affecting the movement of natural persons, such as regulations on temporary residence and temporary visas, and the recognition of diplomas and professional qualifications awarded in developing countries. The pioneering work by UNCTAD and the International Telecommunication Union (ITU) on electronic commerce four years earlier had shown how useful such studies could be. In that connection, there was a need to address the problems both in terms of the requisite infrastructure (which was more in the domain of ITU) and in terms of economic analysis of the issues and the rules needed to ensure the orderly conduct of electronic commerce.

37. Clear directions were needed on UNCTAD's future work in services, in terms of its analytical and research activities in different sectors, the strengthening of the link between its analytical work and the negotiations on services, and more target-oriented technical cooperation programmes to provide countries with the input they needed to make good use of the results of the analysis.

38. The spokesperson for the **Latin American and Caribbean Group** (Colombia) said that the share of Latin America and the Caribbean in world commodity exports had fallen from 12.7 per cent during the period 1970-1972 to 11.7 per cent during the period 1996-1997, despite the comparative advantage of the countries in the region, the high level of development of human and physical infrastructure and the significant rate of investment in the sector. Tariff peaks and tariff escalation, as well as export subsidies by developed countries, were identified as the main reasons for the fall. According to some estimates, in 1998 the member countries of the Organisation for Economic Co-operation and Development (OECD) had devoted US\$ 335 billion to supporting their agricultural sector. That amount was equivalent to 20 per cent of the total gross domestic product (GDP) of Latin America and the Caribbean, and actually exceeded the GDP of all countries in the region except Brazil. The export subsidies granted by the developed countries to some agricultural products, such as meat and rice, were often much higher than the value of world trade in those products. Developing countries were also the victims of other unfair trade practices, such as unilateral trade measures, the extraterritorial application of laws, and conditions for preferential market access that were totally unrelated to trade. It would also be useful to revise the provisions of the Common Fund for Commodities for the financing of developmental measures and the promotion of market stability in the light of the new market situation.

39. The service sector was playing an increasingly important role in the economic development of developing countries and the current session of the Commission would be a good occasion to discuss the successful export strategies adopted by some developing countries, as well as the main barriers faced by them. UNCTAD's work in identifying trade barriers in the services sector would help developing countries to participate effectively in the forthcoming multilateral negotiations on services. Those negotiations would be of benefit for developing countries only if parallel actions were adopted to increase the supply capacity of developing countries, their access to technology and the movement of natural persons. UNCTAD was encouraged to

continue its work on specific service sectors in order to help developing countries to identify export opportunities and define their negotiating positions.

40. Finally, he expressed support for the conclusions reached by the three expert meetings held in 1999 under the auspices of the Commission on Trade in Goods and Services, and Commodities.

41. The representative of **Finland**, speaking on behalf of the **European Union**, while commending the secretariat for the high quality of the background documentation provided for the session, said it was not acceptable for the documentation to be issued at such a late date. It was difficult to have useful discussions without having had an opportunity to study the documents properly in capitals. The secretariat should improve the processing of documentation. The postponement of the session had also caused considerable problems to delegations.

42. Referring to the report by the secretariat on the world commodity economy (TD/B/COM.1/27), he agreed in principle that the problems in the commodity sector as a whole continued to persist and had in fact become more serious over time. The long-term decline in terms of trade, price instability and institutional factors emanating from economic policies, which had been emphasized in the *Trade and Development Report, 1999*, had been damaging. However, the developments differed significantly between commodity subsectors, with some showing a more positive consumption growth and trade performance than others. In that connection, the impact of changes on the composition of demand was indeed evident, especially in the case of food commodities. The *Report* also confirmed that there was a significant divergence of experience between different regions. It was possible for commodity-dependent countries to broaden their production base and to strengthen their export performance; foreign direct investment had an extremely important role to play in that respect. Another important core issue was greater horizontal diversification, as opposed to vertical diversification. The question was how UNCTAD could best assist commodity-dependent developing countries become less dependent on one or a few traditional commodities only; that question should be discussed in the run-up to UNCTAD X. He expressed appreciation for the important work of UNCTAD in the area of risk management.

43. With regard to agenda item 4, on the analysis of certain service sectors, he noted that the potential gains from further liberalization were huge, but its actual impact would depend on the implementation of adequate domestic policies.

44. The representative of the **Russian Federation** made a positive assessment of the work carried out in the Commission on Trade in Goods and Services, and Commodities. In particular, he emphasized the usefulness of the Expert Meeting on the impact of changing supply-and-demand market structures on commodity prices and exports of major interest to developing countries, held in July 1999. He agreed that the role of commodities in international trade had been declining. The major negative impact of that phenomenon was on countries that were dependent on exports of commodities, which experienced losses as a result of low commodity prices and the widening gap between the price of commodities and the price paid by the consumer of manufactured products.

45. With regard to trade in services, he said that the most pressing concerns of the Russian Federation, which was still a net importer of services, were to develop its national services infrastructure and an adequate legislative basis, and to strengthen its export potential in services. Many developing countries and countries with economies in transition shared those concerns. He therefore supported UNCTAD's increasing work on services. Another factor to be considered in such work was the forthcoming new round of multilateral trade negotiations in WTO. Bearing in mind the need for complementarity in the work of international organizations and the need to exploit comparative advantages, UNCTAD was capable of providing an effective input through capacity-building and analytical support in the identification of the services-export capabilities of interested countries. UNCTAD should also be more actively involved in strengthening the negotiating potential of interested countries by providing assistance on issues related to negotiating strategy and tactics on trade in services.

46. He also supported UNCTAD's initiatives in the area of electronic commerce, although its work on the subject could be more focused on and related to trade in services in the context of the forthcoming round of multilateral trade negotiations.

47. He noted that the practice of considering the secretariat's reports on the implementation of previous conclusions and recommendations was a useful one.

48. The representative of the **United States of America** expressed serious concern about the late availability of the documentation for the session. She also regretted the last-minute postponement of the meeting, which had caused problems for many delegations. She also stated that it was not the role of the Commission to determine the direction of the future work of UNCTAD, particularly on the eve of the Third WTO Ministerial Conference and UNCTAD X.

Chapter III

ANALYSIS OF FACTORS AFFECTING THE PRODUCTION AND TRADE OF COMMODITIES, SUCH AS THE IMPLICATIONS OF FINANCIAL CRISES, THE REASONS FOR AND EFFECTS OF THE COLLAPSE IN COMMODITY PRICES, AND THE IMPACT OF CHANGING DISTRIBUTION AND MARKET STRUCTURES

(Agenda item 3)

49. For its consideration of this item, the Commission had before it the following documentation:

“The world commodity economy: recent evolution, financial crises, and changing market structures” (TD/B/COM.1/27).

50. The representative of the **UNCTAD secretariat**, introducing agenda item 3, said that prices were in a continuous downward trend in real terms; price volatility continued to be very high; developing countries were increasingly important as importers; non-traditional commodity exports had grown in importance; Africa and the least developed countries (LDCs) had not kept up with the general development of the commodity sector in developing countries; developing countries were losing market shares even in traditional commodities, largely due to a failure to capture more value-added on their commodities; and industry and market structures, as well as demand structures, were going through a period of rapid change. Regarding financial crises, the commodity sector was an important vector for the transmission of such crises. It was the most responsive sector to devaluations in many developing countries and had acted as a “saviour” for a major part of the economy in crisis situations, and the impact had been on both the demand and supply sides, depending on the economic structure of the countries affected.

51. The composition of world commodity trade was changing. Traditional commodities like cereals, sugar, coffee and cocoa were becoming less important in world trade. Developing countries’ earnings from traditional sectors were also losing importance. The dynamic growth sectors were now fish, fruits, vegetables, dairy products and commodities such as cut flowers. Developing countries, however, had a low market share in many of those dynamic commodity sectors.

52. There was also a changing regional balance in developing countries’ commodity trade. Africa, as well as LDCs and African, Caribbean and Pacific countries as a group, had been losing market shares. Major exporters of manufactures had increased their share of world commodity exports. Asia was now a major net non-fuel commodity importer. South-South trade was of increasing importance.

53. Consumers in developing countries, just like those in developed countries, were becoming increasingly interested in brand-name products – much of which were imported. The traditional export products of developing countries were processed and/or branded in developed countries, and re-exported. An important result was that developed countries were accounting for increasingly larger shares of world export values of tropical products.

54. Agricultural subsidies and subsidized exports from developed countries remained a very serious cause for concern for developing countries. Moreover, market access barriers for many commodity exports, in particular processed ones, and commodities for which there was a dynamic demand, were hindering the expansion of developing countries' commodity exports and their diversification efforts.

55. Meanwhile, world market structures were undergoing significant changes. At the national level in developing countries, there was widespread liberalization, a proliferation of foreign entrants, increased foreign product competition, and increased price risk exposure. Pressure to meet market exigencies (such as the Hazard Analysis Critical Control Point system) created new constraints. At the international level, there was a growing concentration of trade. It was no longer possible to trade successfully purely on price differentials. Cheaper finance and good logistics were now key factors. There was a crucial need for greater capital resources and enhanced skills. Changes on the consuming side that affected market structures included the increasing importance attached to supermarkets and brand names, as well as the emergence of new kinds of demand linked to production technology (e.g. for organic foods).

56. After summarizing the results of recent UNCTAD expert meetings linked to commodities, he indicated some policy proposals for the consideration of delegations. They included: to address as a matter of urgency the market access problems for commodities, and to end trade-distorting agricultural support measures; to enhance the competitiveness of developing countries' exports; to strengthen the effectiveness of producer/consumer bodies in improving market transparency and for the exchange of information and experiences, including by ensuring the participation of all stakeholders; to support the private sector in developing countries in taking on crucial trade and trade support functions; and to increase the resources available to the Common Fund for Commodities.

57. The spokesperson for the **African Group** (Egypt) said that the commodity sector could be an important basis for the development of African countries. Many African countries were heavily dependent on commodities for their export revenues. However, Africa's share in world commodity exports was declining continuously, and their participation in the high value-added and processed-product markets was very small. Supply-side and structural constraints were important factors in hampering the effective participation of African countries in the international trading system and in preventing them from diversifying into higher value-added commodity products in which they had a comparative advantage. Further external constraints to Africa's diversification and commodity-based industrialization were tariff peaks, tariff escalation and non-tariff barriers for commodities of export interest to these countries. Moreover, depressed world prices acted as a disincentive for investing in the upgrading of the commodity sector. In that regard, he referred to the recent Declaration on UNCTAD X by African Ministers of Trade and

to the document “Africa’s Development Challenges” annexed to it, which underscored the need to pay particular attention to market shares, horizontal and vertical diversification, and the need to expand and improve the effectiveness of producer/consumer bodies with regard to the crucial importance of their activities in market transparency and information. An increase in funding, including through the Second Account of the Common Fund for Commodities, was needed to finance research and development. Moreover, the utility of establishing a supply management mechanism aimed at maintaining stable prices at remunerative levels should be considered. While risk management was an important element, new and innovative financing techniques could contribute to the generation of resources in the commodity sector. The void created by the withdrawal of marketing boards from the commodity sector needed to be filled urgently, particularly considering the increasingly oligopolistic market structures of transnational firms, and the inadequate provision of the local private sector for the functions traditionally performed by marketing boards. UNCTAD’s analytical work and capacity-building activities were instrumental to those ends, and should accord a more focused treatment to commodities. UNCTAD’s cooperation with the Common Fund for Commodities should be strengthened. The annex to the Declaration on UNCTAD X by African Ministers of Trade, referred to above, included a number of specific tasks for UNCTAD in the area of commodities considered vital by African countries.

58. The spokesperson for the **Asian Group and China** (Islamic Republic of Iran) said that in spite of the industrialization and economic diversification of many countries in the Asian region, the commodity sector remained crucially important for many of the region’s countries. In fact, the process of industrialization had made Asia a very important importer of commodities, so much so that for many years before the Asian financial crisis it had been the region that provided the dynamism for world trade of many commodities. The region’s share in world commodity exports had gone up from around 10 per cent in the 1970s and early 1980s to almost 15 per cent in the late 1990s. Its share in imports had shown a much more dramatic change, going up from less than 10 per cent in the 1970s to around 12 per cent in the early 1980s and to 20 per cent in the late 1990s.

59. The diversification, both horizontally and vertically, in some of the more advanced countries of the region should not hide the fact that several countries in the region depended almost exclusively on the exports of primary commodities for their exports. The importance of commodities, however, had been demonstrated during the Asian crisis, when the commodity sector in the affected countries responded very dynamically to measures such as devaluations, and provided the livelihood for large parts of the population, especially the poorer segments.

60. One lesson learned from the experience of the impact of the Asian crisis on commodities concerned the unstable nature of commodity markets and the crucial role that commodities played in the process of contagion. The lesson demonstrated the necessity for increased transparency and market information, as well as for early action to prevent such occurrences. Appropriate international cooperation to improve the functioning of commodity markets was also called for. Such cooperation was crucial for commodity-exporting countries, particularly in the current depressed situation of the markets. Similarly, modern instruments for managing price risks and for generating investable resources were indispensable tools in the modern world.

61. Further development of the commodity sector in all developing countries depended crucially on increased market access, especially for processed products, and a reduction of support measures provided to the agricultural sector in industrialized countries. In that connection, there was an important gap in people's understanding of commodity markets, in particular in the operation of international commodity chains, the generation of the value added at different stages and the opportunities for developing countries to enter those chains so that they could maximize the value-added retained in the producing and exporting developing country.

62. The representative of **Japan** said that the Asian financial crisis of 1997 had had a profound impact on all economies. Although the prospects for economic growth were constrained, there were positive signs of faster-than-anticipated recovery in many of the former "Asian Tiger" economies. That recovery process had benefited from the provision of US\$ 80 billion in assistance from the Government of Japan.

63. The representative of **China** stressed the importance of commodities in commodity-dependent developing countries and LDCs. He suggested that three specific interventions were necessary if a liberalized and globalized trading system was to operate successfully. They were: the timely adjustment of domestic policies in developing countries; the opening up of developed countries' commodity markets and the provision of timely, relevant and affordable information and technology by those countries to commodity-dependent developing countries; and a global effort to reduce trade and non-trade barriers in order to make the playing field level for all parties.

64. The spokesperson for the **Latin American and Caribbean Group** (Colombia) said that the countries in that region, like other developing countries, had been astonished to note how their participation in world agricultural trade had remained unchanged since the Uruguay Round, contrary to the optimistic predictions that had led them to ratify the outcome of the negotiations and to carry out trade policy reforms. The countries in the region were convinced that it was necessary to place agricultural trade under the same rules that governed other products. Practical measures were also necessary with regard to special and differential treatment, including with respect to aspects such as access to developed countries' markets for agricultural products, improvement of agricultural productivity, food security, protection of small farmers against price fluctuations and distorting practices in international distribution. The erratic fluctuations and distortions in commodity markets in recent years required concrete action at the international level with a view to improving the transparency of international markets, eliminating tariff escalation and promoting diversification.

65. UNCTAD should strengthen its capacity to assist Latin American and Caribbean countries with analytical work on those priority aspects, as well as on the nature and extent of anti-competitive distortions which had led to the formation of "hard-core cartels" with negative effects on consumers all over the world. The Asian crisis had demonstrated that commodity trade was a key element in the external vulnerability of developing countries. In spite of that, the theme of commodity exports appeared to have disappeared from the multilateral agenda. UNCTAD should continue to help developing countries face the difficulties created by their dependency on commodities and in that respect should analyse international markets on a regular basis, as well as prepare statistics and other data to enhance market transparency. He emphasized the

importance of the support given by UNCTAD to the examination of policies to improve the efficiency and productivity of commodity sectors and to promote diversification and development of processing chains. It was also important to assist developing countries in the use of market-based risk management instruments.

66. The representative of **South Africa** said that agricultural support measures of developed countries should be reduced. There was a clear causal link between those measures and the loss of market shares by South Africa following trade liberalization. UNCTAD should study such causal links further, and also examine ways to close the gap in competitiveness that had been opened up by liberalization, including with regard to the role of the private sector.

67. The representative of the **Common Fund for Commodities** said that while movements in commodity prices were obviously important, it was also important to develop initiatives concerning other aspects of the commodity value matrix, such as horizontal and vertical diversification and new quality standards, including sanitary and phytosanitary standards and non-tariff trade barriers. Those aspects were significant elements in operations under the Second Account of the Fund, as were research and development. The Fund had participated in the International Task-Force on Risk Management and was committed to further cooperation with international commodity bodies on the development of risk management. In that connection, the Common Fund's Executive Board had approved five projects under the First Account Net Earnings initiative, which focused on the development and testing of structured trade finance and warehouse receipt financing for coffee, cotton, cocoa and grains in Africa and Eastern Europe.

Summary of the panel discussions on agenda item 3 ²

68. The representative of **Uruguay** classified the problems in the commodity sector into four major clusters. The first cluster concerned problems linked to excessive price and income fluctuations, non-remunerative prices and declining terms of trade. Price fluctuations had multiple causes, including the weather, factors relating to market structures and protectionism. Regardless of the causes, the effects were the same. Fluctuations affected rates of growth and development, made economies more vulnerable, discouraged foreign investment and increased poverty. UNCTAD had considerable experience in the field of commodities: it had held in-depth discussions on commodities in the 1970s and 1980s, the Integrated Programme for Commodities had been adopted, and the Common Fund for Commodities had been launched. However, in the 1990s, most of the commodity agreements had become forums for discussions between producers and consumers rather than market intervention agreements. Given the current realities, it would be extremely difficult for UNCTAD to resuscitate the idea of international commodity agreements with market regulation measures, for which the political will was lacking. For products produced only by developing countries, supply management and coordination of activities of producers could be envisaged. He suggested that UNCTAD should strengthen its analytical capacity so as to contribute to a better understanding of the world commodity economy, including the impact of price fluctuations on developing countries.

² Prepared by the UNCTAD secretariat.

69. The second cluster of problems included measures related to protectionism, including tariff peaks and escalation, non-tariff barriers and subsidies. Agriculture should cease to be treated as a special case and should be subject to the same trading rules as other products. The role of UNCTAD in that respect should be to analyse the issue from the developmental perspective with a view to eliminating distortions, defining special and differential treatment and providing technical assistance to the Governments concerned, including assistance to enable them to play a greater role in the next round of multilateral trade negotiations. The reconciliation of the interests of efficient producers and net food-importing developing countries should be an important element of that work.

70. The third cluster concerned the structure of markets, an area in which UNCTAD had a high degree of expertise. UNCTAD should play an innovative and creative role, concentrating on deeper analysis of market structures, including marketing and distribution, and market transparency, and should advise developing countries on how to increase their share of the value added of commodity exports. The actors in that area were private players rather than Governments, and studies of successful cases could provide insights into the best course of action.

71. The fourth and final cluster of problems concerned the supply constraints resulting from inadequate technologies and other factors. UNCTAD should make full use of its potential and opportunities in that area to develop a special programme of assistance to developing countries in order to help them overcome such constraints. The Common Fund for Commodities could also perform useful work in that area.

72. The representative of **Zambia** underlined that the world had changed radically over the last 30 years, and commodity issues could not be tackled in the same manner as three decades earlier. He discussed the agricultural developments in Zambia, and its response to new trading opportunities. He emphasized that, regardless of how great market access opportunities were, if a country did not have the supply capacity, it could not benefit from them.

73. Zambia had for a long time depended essentially on the mining of copper, a sector which had been gradually privatized since 1992. The second most important sector in Zambia was agriculture. What prevented agriculture from becoming an engine of growth was the lack of diversification and some policy-induced changes with which smallholders could not cope. As from 1996, the Government had adopted policies aimed at developing and diversifying agriculture. The policies targeted commercial farmers in order to promote greater efficiency in the export of the non-traditional agricultural products of smallholders. The aim was to reduce smallholders' vulnerability by improving their access to inputs and marketing, providing effective technical and advisory services through the decentralization of research and extension services, improving infrastructure (such as feeder roads and bridges) and establishing rural finance facilities.

74. However, agricultural exports had to contend with tariff and non-tariff barriers in importing countries. Although exports of agricultural products from Zambia into the European Union enjoyed zero duty by virtue of the Lomé Convention, that advantage was rendered less beneficial by certain technical requirements and procedures. There was growing insistence on compliance with the ISO 9000 and ISO 14001 standards, as well as on conditions related to eco-

labelling. There were quotas on agricultural exports of products such as beef from African, Caribbean and Pacific countries, who also had to contend with stringent regulations on animal health and standards of processing facilities. Similarly, it was difficult for Zambia's dairy products to enter the European Union market because of technical requirements.

75. Non-traditional exports such as cut flowers, horticultural products, some processed foods and high-value crops such as herbs, spices and essential oils had in recent years achieved much higher levels growth than traditional exports. That growth, however, had only compensated for part of the decrease in the total export earnings of the agricultural sector. The European Union-funded Export Development Programme had had a catalytic effect on an industry facing difficult times by providing short-term credit for the procurement of production inputs and small capital items.

76. Zambia was in need of assistance in several areas. Zambian producers needed to be adequately informed of current and anticipated market trends. Assistance was also needed for the procurement of materials and equipment and for the development of projects. Finally, the country was in need of assistance in the areas of research, disease control and infrastructure development, and needed support with environmental programmes, including the monitoring of sanitary and phytosanitary measures.

77. The representative of the **Philippines** said that his country had diversified away from agriculture, and since the 1970s industry and services had come to provide the basis for development and income generation. Diversification had been prompted by the instability of, and downward trend in, agricultural prices, and had been facilitated by the favourable environment in the South-East Asian region. Another factor in the relative decline of agriculture in the Philippines had been the support, including in terms of research and development, provided to the palm-oil and rubber industries by other major producers in the region. That support had left Philippine exports relatively uncompetitive, although it had been seen in those other countries as necessary to allow their firms to compete in a free market. Indeed, in the Philippines, the ability to export sugar under a comfortable quota arrangement had acted as a disincentive for research and development activities.

78. Nevertheless, 60 per cent of the population in the Philippines still depended on agriculture for their livelihood. The sector, which was mainly based on small-scale production, was particularly important for the purposes of food security and as a supplement to foreign exchange earnings from industry and services. A modernization campaign was under way in the agricultural sector, but the breaking up of large and efficient plots into small inefficient ones was a major constraint. Financial constraints were restricting both the opening up of new tracts of land and investment in infrastructure and irrigation. An attempt was being made to replicate in agriculture the build-operate-transfer arrangements which had been successful in the industrial sector.

79. The rapid expansion of commodity imports in the region before the Asian financial crisis had slowed down, and it was likely to be some time before they recovered. The crisis had also caused problems for exports, as a result of trade-financing difficulties and transportation

bottlenecks. One of the reasons for those bottlenecks was that there were fewer containers available for exports as there were fewer containers bringing imports to the region.

80. Speculation in the commodity markets had increased instability and significantly affected long-term investment plans in the commodity sector.

81. In terms of the international trading system, developing countries needed more liberal arrangements, both in terms of commitments and thresholds, for phasing in agricultural liberalization. Moreover, changes in the level of a country's gross national product (GNP), including those resulting from devaluations, should allow the country to move from one category to another, more favourable category under the Uruguay Round agreements.

82. Tariff peaks and tariff escalation created significant barriers for developing countries' commodity exports. The Philippines did not have enough negotiating power to resolve those problems for products of particular export interest to it, such as coconut products. However, it would be relatively easy to do so for products of export interest to a larger number of countries. Sanitary and phytosanitary measures and technical barriers to trade also affected the export potential of even the most competitive products. While it was important in the international trading system to treat agriculture like other sectors, developing countries needed special and differential treatment to allow them to become competitive.

83. In the discussion following the presentations by the panellists, it was pointed out that the use of genetically modified organisms (GMOs) might erode the comparative advantages of developing and least developed countries in the agricultural sector, as many of those countries lacked the capacity to undertake research and development in that area. It was recognized that GMOs were a "double-edged sword" that required a balanced approach. For example, some countries had developed genetically-engineered disease-resistant varieties of crops.

84. It was recognized that UNCTAD had played a pioneering role in drawing attention to the importance of research and development in the commodities sector, and it was requested to provide a fresh perspective on the issue. The need to provide commodity-producing developing countries with financial and technical assistance for research and development and biotechnology was emphasized.

85. While it was recognized that several developed countries and newly-industrialized economies had managed to diversify production successfully, experience had shown that even in those countries successful diversification had taken a long time. There was a need to draw lessons from past experience with a view to stimulating the diversification process in developing countries in the next millenium.

86. It was also noted that persistent declines in the prices of primary products such as coffee were not always reflected in the price to the consumer of the final good. That phenomenon underscored the need for commodity-exporting developing countries to capture a larger share of the value-added through the entire processing chain.

Action by the Commission

87. At its closing plenary meeting, on 14 October 1999, the Commission adopted its agreed conclusions and recommendations on agenda item 3 (see chapter I of this report).

Chapter IV

ANALYSIS OF CERTAIN SERVICE SECTORS, INCLUDING ANALYSIS OF SUCCESSFUL EXPERIENCES IN THOSE SECTORS, PARTICULARLY THOSE WHICH ENHANCE THE EXPORT CAPACITY OF DEVELOPING COUNTRIES (SUCH AS PROFESSIONAL AND BUSINESS SERVICES AND ACCESS TO TRANSPORT SERVICES), INCLUDING THE DEVELOPMENT IMPLICATIONS OF ELECTRONIC COMMERCE

(Agenda item 4)

88. For its consideration of agenda item 4, the Commission had before it the following documentation:

“Analysis of experiences in selected services sectors” (TD/B/COM.1/28)

“Report of the Expert Meeting on air transport services: clarifying issues to identify the elements of the positive agenda of developing countries as regards both the GATS and specific sector negotiations of interest to them” (TD/B/COM.1/25-TD/B/COM.1/EM.9/3)

89. The representative of the **UNCTAD secretariat**, introducing agenda item 4, highlighted the most relevant conclusions of the analysis of successful experiences in selected service sectors provided in the documentation. The development of an export capacity in the service sector had been central to some developing countries’ efforts to diversify exports away from excessive dependence on exports of primary commodities. Successful experiences in that regard included: that of Mauritius in tourism, offshore banking and the development of a hub-port to service southern and eastern Africa; that of Sri Lanka in the development of port services; that of India in specialized engineering consultancy services and software; and that of Chile in the telecommunications industry. Those experiences showed that business opportunities in service sectors depended on key elements such as market linkage development, cost competitiveness, acceptable international quality of the services provided, the Government’s priorities, sufficient capacity in the private sector, and market access. With regard to market access, important barriers continued to affect exports of developing countries in all modes of supply, but in particular in the movement of natural persons, as well as in service sectors of export interest to developing countries, including health services, tourism, maritime and air transport and environmental services. It was emphasized that the liberalization of trade in services could contribute to the social and developmental goals of developing countries, but its contribution would depend on the specific characteristics of the service sectors in the importing countries and on whether the prerequisite conditions, in the form of regulations, infrastructure and financing, were in place. Developing countries should view the future multilateral negotiations on services as an extension of their national strategies. The GATS “positive list” architecture facilitated that approach. Some developing countries were beginning to make effective use of electronic commerce to export

services, but a number of technical, financial and human resource constraints remained to be overcome.

90. The spokesperson for the **Latin American and Caribbean Group** (Colombia) endorsed the findings contained in the documents provided, highlighting the fact that they represented the only effort made so far to assess trade in services since the entry into operation of GATS, including the Annex on Air Transport. Special reference was made in the documents to the importance of the primary contribution of services to the diversification of exports and the provision of sources of foreign currency in order to reduce the dependence of the Latin American and Caribbean region on exports of commodities. The examples illustrated clearly how the persistent distortions in trade in services affected the participation of developing countries in international trade in services. Each example of successful experience helped to identify the barriers to be dismantled in the next round of negotiations as provided for in GATS. Many of those distortions in sectors such as tourism, transport and telecommunications were of an anti-competitive nature that was not covered by the GATS disciplines. Only the Reference Paper on Basic Telecommunications included competition safeguards that were not applicable to other sectors. Special reference was made to discriminatory barriers affecting exports through the movement of natural persons, including the lack of transparency in economic needs tests affecting providers of professional services, and non-recognition of qualifications and diplomas. The recommendations of the Expert Meeting on air transport services needed to be taken into account in the revision of the Annex on Air Transport in WTO. He fully agreed with those recommendations and recommended that the Commission should endorse them. He stressed that developing countries needed assistance in identifying and developing their export supply capacity in services. The potential and growing importance of electronic commerce was widely recognized, which underlined the importance of UNCTAD's technical assistance to enable developing countries to benefit from that form of trade. Such assistance was expected to include the examination of the impact of electronic commerce on development perspectives, policy recommendations and mechanisms to increase the capacity of micro, small and medium-sized enterprises, as well as strengthening the capacity of developing countries to deal with those matters in GATS and other forums.

91. The representative of **Finland**, speaking on behalf of the **European Union**, said that the reason GATS had so far had only a limited impact on trade was that only limited commitments had been undertaken by developing countries and, in some cases, also developed countries. The developing countries were expected to benefit from liberalization in the long term. The scale of existing protection suggested that developing countries stood to make huge gains from further liberalization. Liberalization would induce productivity growth in services, particularly producer services, which would have spillover effects on other areas of economic activity. Tentative attempts to quantify the economic gains that might be expected from future liberalization suggested that developing countries stood to gain more from liberalization in trade in services than from liberalization in trade in goods.

92. The spokesperson for the **African Group** (Egypt) said that trade in services could become an engine for the expansion of trade, growth and employment in African and other developing countries, as well as provide them with an opportunity to channel acquired skills into high-value

export earnings. However, only a relatively small number of developing countries had managed to become successfully integrated in export-oriented service sectors, and, of those, only a few were African countries. African countries were thus acutely concerned about their continued marginal role in international trade in general and in international trade in services in particular.

93. Africa's limited participation in global trade in services suggested that many of the essential conditions for the development of competitive services industries were not in place on that continent. Recognizing that, African Governments and the private sector would be seeking to take remedial measures within their means by according the highest priority to service sectors with export potential, improving service infrastructure, improving human and institutional capacity-building and undertaking regulatory reforms. In addition, African countries would be pursuing collaborative efforts to develop their service capacities in the context of African subregional integration organizations. UNCTAD should provide analytical and technical support to them in that process. Furthermore, the assistance provided by UNCTAD and other collaborating agencies under the Coordinated African Programme of Assistance in Services (CAPAS) should be enhanced and expanded to other African countries. UNCTAD's analysis of the role of services and trade in the service capacities of African countries would be particularly relevant to those countries in the course of the forthcoming negotiations on services under the WTO built-in agenda.

94. The international community also had a role to play in helping African countries to become better integrated in international trade in services. In particular, it could devote greater attention to the considerable barriers facing exporters of services from African and other developing countries. Those barriers included the deficiencies of the physical infrastructure and networks in African countries, which were not adequate to support the development of service sectors and to facilitate trade in services. Technical and financial assistance along with new investment were essential in that area. The international community should be more forthcoming with such assistance, to supplement the efforts being made by African Governments and firms. Furthermore, improved market access for service exports of African countries was an issue that deserved greater attention; in that respect, further liberalization in the movement of natural persons was essential.

95. With regard to electronic commerce and services, the dominance of the sector by developed countries was overwhelming, although some developing countries from other regions were becoming active players. Unfortunately, as in the case of services in general, the opportunities for African countries to develop electronic commerce were particularly constrained by the low level of development and interconnectivity of telecommunications infrastructures on the continent. There was a need for further study and debate in UNCTAD on increasing African countries' participation in electronic commerce, which had tremendous potential for generating growth through trade.

96. The spokesperson for the **Asian Group and China** (Islamic Republic of Iran) said that the ability of developing countries to increase their participation in world trade in services was essential to their deriving benefits from globalization. Document TD/B/COM.1/28, "Analysis of experiences in selected services sectors", and the supplementary evidence provided in document

UNCTAD/ITCD/TSB/7, “An assessment of the impact on developing countries of liberalization under GATS”, clearly indicated that service industries in most developing countries had not reached the competitive level required to be able to take full advantage of trade and investment opportunities. The expert meetings relating to services had been particularly useful in clarifying the difficulties faced by developing countries as well as the export opportunities open to them.

97. He recalled a few examples of successful diversification into export-oriented service sectors, but questioned the sustainability of such opportunities. He stressed that niche opportunities changed rapidly, driven in part by technological change, and thus to benefit from them it was necessary to have the ability to adapt promptly and rapidly to new market circumstances. Moreover, the essential prerequisites for the development of competitive service exports, such as adequate human resources, financing and technology, and an appropriate infrastructural, institutional, policy and regulatory framework, were lacking in most developing countries. Practical steps therefore needed to be taken to alleviate the major supply constraints faced by developing countries.

98. Asian countries also faced major barriers to their exports of labour-intensive services that required the movement of natural persons, such as requirements for visas and work permits, the non-recognition of professional qualifications and the use of economic needs tests. The GATS commitments had therefore not provided commercially meaningful access for exports of such services. That gave rise to concern that symmetry between the movement of capital and the movement of labour had not been respected. There was a need to correct those imbalances in the next round of GATS negotiations. Developing countries also had to tackle difficulties in market entry caused by the dominance of mega firms from developed countries, anti-competitive practices, lack of access to the latest technology, and the subsidies and investment incentives provided by developed countries for their firms. Strategic alliances and mergers and acquisitions had further exacerbated the situation. As a result, developing countries were mainly importers of services and their export markets were mainly regional. UNCTAD should assist developing countries in identifying export opportunities as well as the barriers faced by their service exporters.

99. Electronic commerce would be one of the major driving forces of economic growth in the twenty-first century. However, the opportunities offered by electronic commerce were significantly constrained by the lack of an adequate telecommunications infrastructure in developing countries. For example, only a few developing countries were currently using the Internet to access foreign markets to supply services. The technological leadership of developed countries in that field gave them a dynamic comparative advantage and could result in the consolidation of their dominant market position. Action by the international community was required to ensure that the “digital divide” did not widen further. Any commitments on electronic commerce would need to be linked to improvements in telecommunications infrastructure and Internet development, and access to information technology for developing countries. Issues relating to market access for developing countries and electronic commerce required further study by UNCTAD.

100. If the next round of multilateral negotiations on trade in services was to enhance the development of developing countries, it must be recognized first that further liberalization of trade in services would provide meaningful and substantial export opportunities for developing countries only if parallel action was taken to assist those countries in enhancing their supply capacities in accordance with article IV of GATS. It must also be recognized that developing countries, in accordance with article XIX.2 of GATS, would need to sequence and phase gradually the opening up of their markets to enable their service sectors to acquire the necessary competitive strength. The architecture of GATS should be maintained intact – horizontal formula approaches to negotiations could have a negative impact on the GATS architecture and developing countries' interests. He stressed the need for UNCTAD to assist developing countries in preparing for the next round of negotiations on services.

101. The representative of **China** said that developing countries had export capacities in the low-technology, labour-intensive service industries, but not in those based on high technology. However, labour-intensive services were facing traditional problems related to the movement of natural persons, such as the non-recognition of standards and qualifications, and were subject to other restrictions in domestic regulations. Developing countries were facing a multitude of problems related to anti-competitive practices, access to technology and the training of their human resources. It was vital for countries to have a long-term vision for their development and to adopt practical measures to achieve it. Access to the markets of developed countries was crucial but not sufficient on its own. It was also important to develop the markets of developing countries. From the perspective of developing countries, the forthcoming multilateral negotiations on trade needed to strike a balance between rights and obligations. Gradual liberalization should be the key principle followed by developing countries. As a new area of trade, electronic commerce was lagging behind other areas in all aspects of its application in developing countries. In order to reduce the growing disparity in trade between developed and developing countries, developed countries might be expected to help improve the physical infrastructure and help create the other necessary preconditions for the expansion of electronic commerce in developing countries.

102. The representative of the **United States of America** said that economic needs tests were seen as a means of boosting the supply of services by local companies in the under-served communities of developed countries. Professional qualifications were drawn up to ensure the highest quality of service for consumers.

Summary of the panel discussions on agenda item 4 ³

103. The representative of **Mauritius** noted that the conditions necessary for private business to flourish were already in place when Mauritius gained its independence. The favourable economic environment was characterized by a banking sector open to foreign competition and investment, private ownership in the agricultural sector and an established chamber of commerce. Political and social stability had ensured that consecutive Governments adhered to the same macroeconomic principles of development. At the same time, Governments were able to focus

³ Prepared by the UNCTAD secretariat.

primarily on institution-building and infrastructure development. Consultations in both the private and the public sectors had also played an important role in securing a predictable environment for development. The country's first "pillar" of economic development was the implementation of a successful export strategy for sugar, aimed at achieving long-term stability of export revenue. Access to the European Union market had been facilitated by the preferences granted under the Lomé Convention and had been a prerequisite for the successful diversification of exports away from a commodity-dependent economy.

104. Export earnings had provided the necessary finance for the development of the tourist sector, which had in turn become a pillar of development and had contributed to the development of infrastructure, communications, human resources and institution-building. The positive experience in the sector of tourism was later put to use in other areas of economic activity, leading to the establishment of export processing zones, through which the transfer of technology was channelled. The tourist industry, aimed at the upper end of the market, had continued to grow over a long period. The question was whether that trend could be sustained in the future, especially with the growing competition from other developing countries. The same question arose with respect to the long-term development of the offshore banking industry. UNCTAD could provide additional insights into that debate through its analytical studies.

105. He singled out regional cooperation as essential for small economies seeking to overcome the limitations of their market size, but said it could also lead to the delocalization of certain industries and that its impact deserved closer analysis. For any country to benefit from liberalization in service sectors, it needed to have adequate legislation, regulatory mechanisms, institutions and human resources in place. However, if a small country had no access to key export markets, it had no chance of expanding its exports of services.

106. The representative of **India** said that the experience of his country showed that the opening of the service sector would only lead to social and economic development if certain conditions were met. UNCTAD's assessment of the trade in services of developing countries (UNCTAD/ITCD/TSB/7) was very useful, and the barriers outlined in that paper had to be tackled if developing countries were to enjoy meaningful benefits. Article IV of GATS called for the liberalization of modes of supply of interest to developing countries, but that had not yet materialized. It was true that developing countries themselves were reluctant to undertake commitments in mode 4 (movement of natural persons) of GATS because of political sensitivities. New approaches to that subject would need to be found before the coming round of the multilateral negotiations. Categories of persons could be identified according to the classification of occupations of the International Labour Organization (ILO). The creation of a "GATS visa" would facilitate the temporary movement of natural persons and their return to their country of origin. The value of commitments under GATS had also been diminished by the application of economic needs tests in commitments undertaken by developed countries. While the removal of the economic needs test should be the ultimate goal, making it transparent and predictable would significantly improve the predictability of market access for the movement of natural persons. Other factors were also undercutting the competitive position of service suppliers from developing countries, including their lack of timely access to bank guarantees, delays in the issuance of visas or work permits, requirements to pay the same wage as that prevailing in the industry of the

importing country, and other local content requirements. The modernization of two sectors, namely, telecommunications and financial services, was the key to the development of a country's economy as a whole. Reasonable access to the markets of developed countries was also essential if development goals were to be achieved.

107. Developing countries were in favour of preserving the GATS architecture and the continued use of the "request and offer" principle in the negotiations, while seeking to obtain credit for autonomous liberalization. UNCTAD was expected to play an active role in supporting developing countries in the process of negotiations by: (a) continuing with its assessment of trade in services of developing countries; (b) providing statistical information on growth in service exports from developing countries as a result of the conclusion of GATS; (c) assisting developing countries in the formulation of requests for market access in developed countries; (d) continuing with its sectoral analyses; and (e) advising developing countries on the options available to them in negotiations on disciplines in the rules area on subsidies, government procurement and emergency safeguard measures, as well as on disciplines on domestic regulations.

108. The representative of the **UNCTAD secretariat** said there was a growing concern to ensure competitive market conditions in global markets, including service sectors, in order to ensure that the benefits of trade liberalization accrued to all trading nations. The risk of large enterprises using anti-competitive practices to control market shares, prices and market entry was a matter of major concern to developing countries. The study by UNCTAD of anti-competitive practices in the tourist and air transport sectors (UNCTAD/ITCD/CLP/Misc.13) mapped out the problem of market structure which undercut the potential for growth of developing countries' exports and their international competitiveness. Adequate measures had to be established at the regional and multilateral levels to mitigate the power of international cartels and the abuse of market power. Developing countries faced difficulties in coping with the anti-competitive conduct of firms because of their inadequate legislative and institutional frameworks. UNCTAD planned to continue its research and policy analysis on service sectors and to review the strategies that developing countries with different needs could adopt. That analysis was expected to help developing countries to identify their strategy and position for multilateral negotiations, including on article IX of GATS.

109. The **Chairperson** drew attention to the existence of practices in some specific service sectors that eroded the competitiveness of exports of goods from developing countries. Such was the case of maritime transport, where liner conferences constituted de facto cartels, applying high prices and price discrimination as well as influencing route coverage. Those practices led to costly and inefficient movement and handling of merchandise exports, thus nullifying the benefits of liberalization of trade in goods. He further underlined the need to make progress in the liberalization of that sector in the next round of negotiations, although there was little scope for optimism following the lack of progress in legal reforms in developed countries since the Uruguay Round. Tourism was also greatly affected by many anti-competitive practices resulting from the impact of integrated networks of suppliers and airlines which controlled the production and marketing of tourist products. Such practices had resulted in dominant positions in key airports, scarce seating space on regular flights and vertical integration of tour operators. The immediate consequence for developing countries was serious "leakage" of foreign exchange earnings, with

extremely negative effects on the balance of payments of those countries. Another issue to be dealt with in the future negotiations under GATS was the adoption of a comprehensive approach to barriers in the tourist sector, in particular to dealing with the anti-competitive practices that had inhibited the sustainable development of the sector. In that connection, he referred to the initiative by a group of developing countries in collaboration with the World Tourism Organization to submit an annex on tourism in the next round of GATS negotiations. He also underlined the close linkages between tourism and air transport and the important work of the expert meetings on expanding the tourist sector in developing countries and on air transport services. He suggested that the secretariat, as part of its work on the positive agenda, should look into the options for developing countries in the context of the review of the Annex on Air Transport. There was also a need to examine the relevance of the Reference Paper on Basic Telecommunications to other sectors, in particular in the use of competition safeguards. In the next round of multilateral trade negotiations on services, norms would need to be developed to control anti-competitive practices in specific sectors, particularly in tourist and transport services.

Action by the Commission

110. At its closing plenary meeting, on 14 October 1999, the Commission adopted its agreed conclusions and recommendations on agenda item 4 (see chapter I of this report).

Chapter V

REPORTS OF THE SUBSIDIARY BODIES OF THE COMMISSION

(Agenda item 5)

111. For its consideration of agenda item 5, the Commission had before it the following documentation:

“Report of the Expert Meeting on examining trade in the agricultural sector, with a view to expanding the agricultural exports of developing countries, and to assisting them in better understanding the issues at stake in the upcoming agricultural negotiations” (TD/B/COM.1/23-TD/B/COM.1/EM.8/3)

“Report of the Expert Meeting on air transport services: clarifying issues to identify the elements of the positive agenda of developing countries as regards both the GATS and specific sector negotiations of interest to them” (TD/B/COM.1/25-TD/B/COM.1/EM.9/3)

“Report of the Expert Meeting on the impact of changing supply-and-demand market structures on commodity prices and exports of major interest to developing countries” (TD/B/COM.1/26-TD/B/COM.1/EM.10/3)

“Report of the Ad Hoc Expert Meeting on applications of structured commodity finance techniques for commodity-dependent countries” (UNCTAD/ITCD/COM/MISC.39).

112. The representative of the **UNCTAD secretariat** introduced the reports and highlighted some of the agreed conclusions and recommendations. With regard to the Expert Meeting on trade in the agricultural sector, he stressed that: the socio-economic effects in developing countries, including on food security, of agricultural liberalization needed to be taken into account in negotiations; there was a need to reduce tariffs and simplify tariff structures as well as tariff rate quota administration; there was a need to reduce the trade-restrictive impacts of sanitary and phytosanitary measures, technical barriers to trade and special safeguard provisions; certain development concerns were not addressed in the Green Box criteria; many developing countries faced policy constraints imposed by structural adjustment programmes, which were not coherent with the Uruguay Round agreements; developing countries’ non-trade concerns needed to be taken into account and “multifunctionality” clarified; and actions pursuant to the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food-Importing Developing Countries should be made more concrete.

113. With regard to the Expert Meeting on the impact of changing market structures on commodity prices, attention was drawn in particular to the following: information was a key and increasingly important issue; given the informational advantage of transnational corporations, developing countries had an interest in a regular exchange of experience; UNCTAD and the

International Trade Centre (ITC) should promote market transparency; non-tariff measures and subsidies continued to act as a barrier to international trade; diversification should continue to play a pivotal role; there was a need to strengthen support for diversification-related research, such as that under the Second Account of the Common Fund for Commodities; Governments should help to create efficient markets in a liberalized environment by, among other things, creating the conditions for local farmers, processors and traders to access low-cost (but not subsidized) credit, by sequencing liberalization as a function of the readiness of the private sector to take on the Government's former functions, by accompanying liberalization with institution-building, by exploring the possibilities for market-based safety nets and by improving information and communication flows; international commodity market shocks remained a problem and thus Governments should have the leeway, under WTO agreements, to protect crucial sectors from such shocks; access to low-cost commodity finance needed to be promoted; the use of market-based risk management should be expanded; schemes such as Stabex needed to be made more efficient; and the international community should provide support for the implementation of those policies.

114. With regard to the Ad Hoc Expert Meeting on the application of structured commodity finance, the following recommendations were emphasized: Governments should reduce the financial risks for the private sector in the area of agriculture rather than provide direct finance; Governments needed to ensure good warehouse receipt financing systems; Governments should explore the possibilities for re-discounting warehouse receipt finance with low-cost special discount windows in the United States and the United Kingdom; Governments needed to nurture private-sector mechanisms to replace services they had previously provided themselves; the international community should undertake awareness-raising and training activities as well as assess legal and regulatory conditions, and assist in their improvement; the international community should provide policy advice, including on market-based ways to replace costly government programmes, and should research new tools to enhance access to finance and explore new international schemes (e.g. for sovereign risk insurance) to facilitate the use of structured finance; and the international donor community should support those efforts.

115. In addition, the representative of the UNCTAD secretariat reported on the pre-UNCTAD X seminar on the interface between competition policy and development, at which the following had been discussed: the worldwide concentration of market power through mega-mergers and acquisitions; deregulation and privatization; the transfer of technology and intellectual property rules; and the role of business and consumers in promoting competition and development. It had become clear that the integration of developing countries into the world economy depended to a large extent on their ability to gain an equal opportunity to access technology, human and financial resources and export markets, which in turn depended on their ability to challenge anti-competitive practices and abusive conduct by firms with market power (such as international cartels, mega-mergers leading to monopolies or dominant positions, and the abuse of intellectual property rights to corner markets).

Action by the Commission

116. The Commission endorsed the agreed conclusions and recommendations of the following Expert Meetings:

Expert Meeting on examining trade in the agricultural sector, with a view to expanding the agricultural exports of developing countries, and to assisting them in better understanding the issues at stake in the upcoming agricultural negotiations (TD/B/COM.1/23 - TD/B/COM.1/EM.8/3);

Expert Meeting on the impact of changing supply-and-demand market structures on commodity prices and exports of major interest to developing countries (TD/B/COM.1/26-TD/B/COM.1/EM.10/3);

Ad Hoc Expert Meeting on applications of structured commodity finance techniques for commodity-dependent countries (UNCTAD/ITCD/COM/Misc.39);

Expert Meeting on air transport services: clarifying issues to define the elements of the positive agenda of developing countries as regards both the GATS and specific sector negotiations of interest to them (TD/B/COM.1/25-TD/B/COM.1/EM.9/3);

and recommended that the Trade and Development Board endorse the agreed conclusions and recommendations of the above-mentioned Expert Meetings.

Closing statements on agenda item 5

117. The representative of **Finland**, speaking on behalf of the **European Union**, said that nothing contained in those recommendations addressed to UNCTAD should prejudice decisions reached at UNCTAD X and that, in that respect, the UNCTAD secretariat should ensure that any action taken on such agreed conclusions and recommendations should only take place on completion of activities already agreed upon by the Commission and endorsed by the Trade and Development Board.

118. The representative of the **United States of America** supported the statement made by the representative of Finland.

Chapter VI

PROGRESS REPORT ON THE IMPLEMENTATION OF AGREED CONCLUSIONS AND RECOMMENDATIONS OF THE COMMISSION

(Agenda item 6)

119. For its consideration of agenda item 6, the Commission had before it the following documentation:

“Progress report on the implementation of agreed conclusions and recommendations by the secretariat” (TD/B/COM.1/29)

120. The **Director of the Division on International Trade in Goods and Services, and Commodities (DITC)**, introducing agenda item 6, provided an overview of the implementation of the work programme during the period 1996-1999. He addressed the issues relating to the work of the expert meetings; their work had been found to be very useful, particularly that leading to agreed conclusions. He stressed the need for the work and conclusions of experts to be more directly supportive of the Commission’s own work. He also stressed the need for feedback on how the recommendations had been taken up by Governments. With regard to future work, a major focus should be to assist developing countries in the forthcoming multilateral trade negotiations. There was a clear need to reinforce the work on commodities, to pay greater attention to competition policy and to continue with the work on sustainable development and on trade and environment.

121. The **Chairperson** stressed that the work of the Commission was at the heart of the work done in UNCTAD and needed to be strengthened. The work of expert meetings was essential for the work of the Commission. Experts should be drawn from the private sector, academia and government services. UNCTAD’s work on competition policy and sustainable development was particularly important.

122. The representative of **Finland**, speaking on behalf of the **European Union**, expressed appreciation for the high quality of the progress report, which he found very useful. He asked whether the secretariat was able to fulfil the mandate given to it by the Commission with the resources available to it.

123. The representative of **Peru** enquired about the progress of work on the database on Measures Affecting Services and Trade (MAST), especially in view of the forthcoming negotiations on services. He asked if, in the building of the database, consideration had been given to sectors in which developing countries had an apparent or potential comparative advantage, such as professional and business services, health services, tourism, construction, audiovisual services and transport. He also enquired about the progress of work on statistics on trade in services. In the light of the discussions at the Expert Meeting on air transport services and the

Expert Meeting on strengthening the capacity for expanding the tourism sector in developing countries, at which the topic of a sectoral approach to competition policy had been addressed, he asked if the secretariat recommended any particular approach for developing countries to follow in negotiations on competition policy in the service sector: in particular, did it recommend a horizontal (as in article IX of GATS) or a sectoral approach?

124. The **Director of DITC** said that it was indeed difficult to meet demands within available regular budget resources. In view of the number and type of requests received for assistance, there was a need to complement the skills in the secretariat with those available outside it, and thus it was necessary to expand and rationalize extrabudgetary resources. DITC had concentrated to the greatest possible extent on assistance at the regional and subregional levels so that more countries could benefit, but that approach could not always satisfactorily address the concerns of individual countries. A demonstration of the contents and uses of the database on services would be arranged. He reported that there had been insufficient progress in inter-agency work on statistics on services. He also reported on the progress of work on the common database on agriculture.

125. The representative of the **UNCTAD secretariat** said that UNCTAD did not make any recommendations on the best approach to take to future multilateral negotiations on competition policy. The secretariat was reviewing both the horizontal approach as indicated in article IX of GATS and the sectoral approach as indicated in the Reference Paper on Basic Telecommunications. He referred to the recommendations that had emerged from the expert meetings on tourism and transport for the adoption of an annex on tourist services and a reference paper on transport to provide competition safeguards along the lines of the Reference Paper on Basic Telecommunications. UNCTAD's current priority was to prepare analytical and policy reports that could assist developing countries in clarifying complex competition policy issues so as to be in position to form their own views on those issues and to participate fully and effectively in multinational negotiations.

126. The **Chairperson** stressed the need to establish linkages with the work in OECD on competition policy. The database on trade in services was a very important part of efforts to identify barriers to trade in that sector.

Action by the Commission

127. At its closing plenary meeting, on 14 October 1999, the Commission adopted its agreed conclusions and recommendations on agenda item 6 (see chapter I of this report).

Closing statement on agenda item 6

128. The representative of the **United States of America** said that, with respect to paragraph 25 of the agreed conclusions, it was not just "further consideration" of the follow-up to policy recommendations by Governments that was required, but monitoring and reporting of that follow-up. Those aspects were not adequately reflected in the current analysis and other work of UNCTAD.

Chapter VII

OTHER BUSINESS

(Agenda item 7)

129. The representative of **Finland**, speaking on behalf of the **European Union**, said that the European Union attached particular importance to commodity-related issues, and consequently was organizing a special seminar on those issues, to be held in Helsinki from 18 to 20 October 1999. It was possible he would have an opportunity to report on the outcome of the seminar at a later stage.

130. The representative of the **United States of America**, supported by the representative of **Switzerland**, asked whether any update of the very helpful report on progress on the positive agenda would be available before the WTO Ministerial Conference in Seattle. Such an update would be of great help to delegations – for example, information on the seminar held by UNCTAD to assist Arab countries to prepare for the WTO Conference could be forwarded to capitals as an example of the positive activities undertaken by UNCTAD. Her delegation would like to be kept informed of any other activities on the positive agenda that UNCTAD intended to undertake, not in order to attend the meetings but simply to be aware of what activities were being undertaken.

131. The **Director of the Division on International Trade in Goods and Services, and Commodities (DITC)** said that the secretariat would provide a written update on the earlier report. Since that report had been issued, a number of subregional meetings had been held in Africa, and one was about to be held in the context of the Economic Community of Central African States. A meeting was also due to be held at the beginning of November, in the context of the Joint Integrated Technical Assistance Programme for Selected Least Developed and Other African Countries (JITAP) and the positive agenda. A series of national seminars would be held to evaluate the impact of the Uruguay Round and its implications for the next round of multilateral trade negotiations. All those activities were continuing according to the schedule of the technical assistance programmes that had been financing them.

132. The representative of the **United States of America** noted that some of the papers prepared by the secretariat on the positive agenda had been posted on the Internet, and asked whether more had been posted recently and whether some of the information she had requested could also be posted on the Internet.

133. The **Director of DITC** said that the general UNCTAD website was not as “well populated” as it might be, more as a result of a shortage of technical services than a lack of information. Discussions were taking place in the secretariat on how to make the website more user-friendly, up-to-date and useful. With regard to the positive agenda, the secretariat was finalizing a series of documents to be posted on the website and also to be made available in hard

copy. He hoped that the website would have become appreciably more useful to member States by the time of the WTO Conference in Seattle.

134. The representative of the **United States of America** asked whether improving the website was a question of resources. It appeared that some of the other divisions of UNCTAD might not have spent their full share of the savings allocated to UNCTAD by the General Assembly; if that was the case, she believed that any unspent money would have to be returned to the General Assembly at the end of the biennium.

135. The **Director of DITC** said that the problem with the website was certainly in part an issue of resources, but it was also in part a technical question of organizing the rapid and well-displayed publication of documents on the website. If more resources were made available to DITC, they would be put to use in the preparation of analyses rather than in posting those analyses on the Internet. With regard to the savings, he could not speak on behalf of the other divisions, but DITC had already overspent its allocation of the savings.

Chapter VIII

ORGANIZATIONAL MATTERS

A. Opening of the session

136. The fourth session of the Commission on Trade in Goods and Services, and Commodities was held at the Palais des Nations, Geneva, from 11 to 14 October 1999. The session was opened on 11 October 1999 by Mr. Sándor Simon, Chairperson of the third session of the Commission. In the course of the session, the Commission held three plenary meetings (10th to 12th meetings) and a number of informal meetings.

B. Election of officers

(Agenda item 1)

137. At its 10th plenary meeting, on 11 October 1999, the Commission elected its Bureau as follows:

Chairperson:	Mr. Federico Alberto Cuello	(Dominican Republic)
Vice-Chairpersons:	Mr. Abdul Mannan	(Bangladesh)
	Mr. Eduardo Michel	(Argentina)
	Mr. Iouri Afanassiev	(Russian Federation)
	Mr. Mark Jones	(United Kingdom)
	Ms. Gudrun Graf	(Austria)
Rapporteur:	Mr. Joshua Setipa	(Lesotho)

C. Adoption of the agenda and organization of work

(Agenda item 2)

138. At the same meeting, the Commission adopted the provisional agenda circulated in document TD/B/COM.1/24. Accordingly, the agenda for the fourth session was as follows:

1. Election of officers
2. Adoption of the agenda and organization of work

3. Analysis of factors affecting the production and trade of commodities, such as the implications of financial crises, the reasons for and effects of the collapse in commodity prices, and the impact of changing distribution and market structures
4. Analysis of certain service sectors, including analysis of successful experiences in those sectors, particularly those which enhance the export capacity of developing countries (such as professional and business services and access to transport services), including the development implications of electronic commerce
5. Reports of the subsidiary bodies of the Commission
6. Progress report on the implementation of agreed conclusions and recommendations of the Commission
7. Other business
8. Adoption of the report of the Commission to the Trade and Development Board

D. Adoption of the report of the Commission to the Trade and Development Board

(Agenda item 8)

139. At its closing plenary meeting, on 14 October 1999, the Commission adopted its draft report (TD/B/COM.1/L.10 and Add.1 and Add.2), subject to amendments to the summaries of the statements, and authorized the Rapporteur to finalize the report in the light of the proceedings of the closing plenary meeting.

Annex

ATTENDANCE *

1. The following States members of UNCTAD, members of the Commission, were represented at the session:

Argentina	Mexico
Austria	Mongolia
Bangladesh	Morocco
Belarus	Nepal
Belgium	Netherlands
Brazil	Niger
Bulgaria	Norway
Cameroon	Panama
China	Paraguay
Colombia	Peru
Costa Rica	Philippines
Côte d'Ivoire	Portugal
Cuba	Republic of Korea
Czech Republic	Romania
Democratic People's Republic of Korea	Russian Federation
Democratic Republic of the Congo	Rwanda
Denmark	Sao Tome and Principe
Dominican Republic	Saudi Arabia
Ecuador	Slovakia
Egypt	Slovenia
Ethiopia	South Africa
Finland	Spain
France	Sri Lanka
Germany	Sudan
Guatemala	Sweden
India	Switzerland
Indonesia	Thailand
Iran (Islamic Republic of)	Tunisia
Italy	Turkey
Japan	United Kingdom of Great Britain and Northern Ireland
Lesotho	United States of America
Madagascar	Uruguay
Malaysia	Viet Nam
Malta	Yemen
	Zambia

* For the list of participants, see TD/B/COM.1/INF.4

2. The following intergovernmental organizations were represented at the session:

Arab Federation of Shipping
Common Fund for Commodities
European Community
League of Arab States
South Centre

3. The following specialized agencies and related organization were represented at the session:

Food and Agriculture Organization of the United Nations
International Monetary Fund
World Trade Organization

4. The International Trade Centre UNCTAD/WTO was represented at the session.

5. The following non-governmental organizations were represented at the session:

General Category

Engineers of the World
International Confederation of Free Trade Unions
World Federation of United Nations Associations

Special Category

International Council of Nurses

Panellists

Mr. Carlos Pérez del Castillo, Permanent Representative of Uruguay, Geneva
Mr. Patrick Sinyinza, Permanent Representative of Zambia, Geneva
Mr. Edsel Custodio, Deputy Permanent Representative of the Philippines, Geneva
Mr. Srinivasan Narayanan, Permanent Representative of India, Geneva
Mr. Dhurmahdass Baichoo, Permanent Representative of Mauritius, Geneva
