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**DRAFT REPORT OF THE TRADE AND DEVELOPMENT BOARD ON
ITS TWENTY-THIRD SPECIAL SESSION**

Held at the Palais des Nations
from 8 to 12 May 2006

Rapporteur: Mr. Levan Lomidze (Georgia)

Speakers:

President of the TDB
Secretary-General of
UNCTAD
Pakistan for the Group of
77 and China
Sri Lanka for the Asian
Group and China
Honduras for the Latin
American and
Caribbean Group

Algeria for the African
Group
Czech Republic for
Group D
Austria for the European
Union and the acceding
countries of Bulgaria
and Romania
Switzerland
Thailand
Russian Federation

Japan
United States
Belarus
China
Ghana
Brazil
Tonga and the
Solomon Islands
Bangladesh
Vanuatu
Mozambique

Note for delegations

This draft report is a provisional text circulated for clearance by delegations.
Requests for amendments to statements by individual delegations should be communicated
by **Wednesday, 17 May 2006** at the latest, to:
UNCTAD Editorial Section, Room E.8106, Fax no. 022 917 0056, Tel. no. 022 917 1437.

Chapter I

OPENING STATEMENTS

1. The **President** said that the mandate to hold a Mid-term Review stemmed from paragraph 9 of the São Paulo Consensus, which stated that “the results achieved from the implementation of the Bangkok and São Paulo outcomes should be subject to intergovernmental review. Specifically, a mid-term review should be conducted by the Trade and Development Board in 2006.” The process would aim not only to review the implementation of the São Paulo Consensus, but also to take into account major events and new developments since UNCTAD XI and to give a clear indication as to the direction UNCTAD should take in its work for the next two years leading to UNCTAD XII.

2. The twenty-third special session would be divided into three parts. The first part would be primarily a stocktaking exercise with regard to the implementation of the São Paulo Consensus. The draft agreed outcome on each subtheme and on the chapeau would be prepared immediately after the discussion on each subtheme and distributed on the same day. During consultations with regional coordinators, it had also been informally agreed that there would be an agreed outcome based on statements, documentation prepared by the secretariat and ensuing discussions. Agreed outcomes would be adopted ad referendum at the second plenary. Those outcomes would form an integral part of the report on the first part of the session.

3. The **Secretary-General of UNCTAD** said that, in his first eight months in office, he had been struck by how much valuable work was being done by UNCTAD, and how much of that the work had produced results that mattered. UNCTAD's research and analysis covered a wide range of issues, ranging from the implications of globalization for global and regional economic development to trade liberalization and financial imbalances. This analytical work had helped developing countries formulate specific policies to cope with these phenomena, and raised awareness of the particular problems of Africa and the LDCs. UNCTAD had also assisted developing countries in formulating policies to attract development-friendly FDI, particularly in areas that could create backward linkages and help them move up the value chain. It had helped developing countries in trade negotiations and in the WTO accession process, in managing their debt, in facilitating their trade, in diversifying away from commodities, in assessing adjustment costs arising from trade liberalization, and in harnessing new technologies to tap into new markets. UNCTAD had also addressed possible ways of overcoming supply-side constraints of developing countries via South-South trade and economic integration. And it had helped them cope with health and environmental requirements in key export markets, drawing up a legal framework to control anti-competitive practices and boosting their participation in new and dynamic trade sectors. Finally, he pointed to the importance of tackling non-tariff barriers and announced the appointment of members of the Group of Eminent Persons on Non-Tariff Barriers.

4. UNCTAD's intergovernmental machinery, which served not as a negotiating forum but as a forum for dialogue, provided its members with the opportunity to guide UNCTAD's work and to contribute to consensus-building at the highest level. The effectiveness of the machinery depended not only on its structure and reporting mechanism, but also on how both the secretariat and the members helped it to function. Expert meetings could contribute much to discussions at the Commission level, but ways would have to be explored to improve the

format of expert meetings and to ensure that they dealt with topics of immediate relevance to developing countries.

5. Developing countries' demand for UNCTAD's technical assistance was growing in the light of recent developments in trade and development at the multilateral, bilateral and regional levels. INFOSHARE, BioTrade and other national and regional programmes were highlighted as prime examples in that regard. It was important for a member-driven and member-funded organization like UNCTAD to strive to keep up with the times. UNCTAD's analytical work should be more closely linked to action on the ground, and all UNCTAD activities should be well coordinated and synergized with those of other international organizations, a concern reflected in the broader UN reform process under way. In that connection, on the question of internal UNCTAD reform, a number of proposals had been made by the task force on management reform, and the report of the Panel of Eminent Persons established last year would be forthcoming in the summer.

6. The representative of **Pakistan**, speaking on behalf of the **Group of 77 and China**, said that the São Paulo Consensus was an important achievement, as it reaffirmed the mandate emanating from UNCTAD X and provided fresh mandates under the overarching theme of "enhancing coherence". UNCTAD remained the primary organization within the UN system for the integrated treatment of trade and development and related areas of investment, finance and technology. In the context of the ongoing UN reform, the objective of the first phase of the Mid-term Review should be to: (a) review the implementation of the São Paulo Consensus; (b) identify areas where implementation had faltered or lagged behind; and (c) find ways and means to fully implement all issues covered in the São Paulo Consensus.

7. The São Paulo Consensus highlighted the need for enhanced coherence and consistency between the international monetary, financial and trading systems in support of development. Based on the universality of its membership, its expertise and experience in international trade and development, UNCTAD should play the key role in promoting development-oriented systemic coherence between the UN system and other institutions of international economic governance such as the Bretton Woods institutions and the WTO. In this respect, the G77 and China were disappointed that the stocktaking report (TD/B(S-XXIII)/2) omitted important cross-cutting issues that had been addressed in the chapeau of the São Paulo Consensus, such as cooperation between UNCTAD and other international organizations, UNCTAD's special responsibility to contribute to the achievement of the development goals contained in the Millennium Declaration, and shrinking policy space for developing countries in the context of "rule-based regimes" in international economic relations. The outcome of the present meeting should redress these problems with a view to completing the work mandated in the São Paulo Consensus in the next two years. The current session of the Mid-term Review should give clear guidance to the UNCTAD secretariat with respect to the importance of maintaining a development orientation in all its research and analytical work, as well as ways of ensuring adequate and predictable funding so as to help UNCTAD discharge its important role in the international discourse on development.

8. Issues that were of particular interest to the Group of 77 and China and that needed to be tackled during the Mid-term Review included: (i) progress made on policy space; (ii) UNCTAD's role in promoting systemic coherence to align international commitments for development; (iii) UNCTAD's cooperation with other international organizations and its contribution to the follow-up to the major UN conferences on development, including the

Millennium Summit and the World Summit; (iv) transparency and good governance of international monetary, financial and trading systems, including full and effective participation of developing countries in global decision making and norm setting; (v) the impact of growth-oriented macroeconomic and financial policies on trade and development; (vi) the use of UNCTAD's analytical capacity in identifying development-oriented solutions to problems arising from international financial instability; (vii) the role of private and official flows in financing development and the question of debt sustainability; (viii) the impact of FDI on host countries, particularly concerning transfer of technology and innovation; (ix) corporate social responsibility for development of host countries; (x) reaping development benefits from the multilateral trading system through the Doha Round, and in particular Aid for Trade; (ix) developmental aspects of trade and environment; (x) the development dimension of intellectual property rights and public interest flexibilities in the TRIPs; (xi) partnership in the areas of ICT for development, commodities, energy, investment and capacity building; (xii) development aspects of the international information society; and (xiii) demand-driven and development-oriented training and capacity building.

9. The representative of **Sri Lanka**, speaking on behalf of the **Asian Group and China**, said that four key issues should be assessed during the MTR process. Firstly, the MTR should situate the São Paulo outcomes against ongoing developments in WTO and UNCTAD's contribution to broader UN development efforts (such as the spring meeting of ECOSOC with the Bretton Woods institutions, the follow-up to international conferences) and other specific initiatives involving UNCTAD's mandates. Secondly, as a focal point in the UN system on integrating trade and development and promoting systemic coherence for development, UNCTAD should be strengthened in its work based on the three pillars, and ways should be found to increase resource availability. Thirdly, the Mid-term Review should assess the need for more work in areas where gaps were identified, such as operationalizing the concept of policy space. Fourthly, UNCTAD's work on maximizing gains from the international trading system and the Doha round of Trade Negotiations should be given high priority. Particular attention should be paid to paragraph 4 of the São Paulo Consensus to assist LDCs to participate actively and substantially in the multilateral trading system. The Asian experience had shown that international trade could bring trade and development gains, and the multilateral system must provide a balance between the benefits of trade liberalization and ensuring that developing countries participated meaningfully in global trade and its negotiation processes. UNCTAD's work programmes that had contributed to that process included assistance on market access and market entry, enhancing supply capacities and competitiveness, and human and institutional capacities.

10. Other useful areas of work of UNCTAD included new and dynamic sectors, commodity exchanges, commodity information, the environment, trade negotiations, WTO, dispute settlement, trade statistics, simulations and modelling, South-South trade, including GSTP, competition legislation and the post-ATC trading environment. On all these issues, activities at the national level deserved support.

11. The Board's annual review of post-Doha negotiations and technical assistance had helped countries to examine different policy options and their implications for development, thereby enhancing their negotiating capacities on agriculture, NAMA, services and special and differential treatment. UNCTAD's work on services assessment in the Commissions and expert meetings had helped developing countries in building service policy frameworks and strategies, and the work on mode 4 in respect of professional services, distribution, insurance and IT-enabled services was particularly relevant. UNCTAD's expertise should also be used

in connection with the Aid for Trade Initiative, the WTO negotiations on trade facilitation, and South-South initiatives.

12. Three issues of interest to the Asian region were: (i) strengthening UNCTAD's mandate concerning policy space; (ii) macroeconomic policies relating to pressures on countries to adopt flexible exchange rate policies; (iii) debt relief for highly-indebted non-HIPC countries. On the latter, UNCTAD should continue its innovative work by examining, for example, innovative mechanisms such as a debt-for-MDG swap.

13. The representative of **Honduras**, speaking on behalf of the **Latin American and Caribbean Group**, said that the Mid-term Review provided an opportunity to strengthen UNCTAD technical cooperation in Latin America. UNCTAD programmes on biotrade and biofuels were of particular importance to the region, and they must be strengthened in terms of human and financial resources. Technology transfer, investment, competition, and capacity-building through programmes such as the Virtual Institute and TrainForTrade were equally important.

14. Policy space and coherence in development represented the core challenges of policy makers in developing countries and had been at the heart of discussions at UNCTAD XI. Development strategies that took into account the particularities of developing countries should therefore remain a guiding theme of UNCTAD's research work. UNCTAD could analyse the compatibility of international rules and regulations with domestic development policies, as well as the impact on growth and stability, in order to find multilateral solutions to imbalances challenging policy makers in developing countries. Developing countries would also benefit from UNCTAD's fundamental work on macroeconomic and financial issues, the strong combination of analytical work and technical assistance on debt sustainability, and its work on FDI. UNCTAD's mandate in respect of research and analysis was therefore irreplaceable in the UN system. It served to identify and help apply mechanisms to build consensus between countries and international organizations. Such consensus should be adequately reflected in negotiations and instruments of the multilateral trade system.

15. Since the adoption of the São Paulo Consensus, UNCTAD had made good progress in the design and analysis of technical cooperation tools, but more efforts were required in the areas of interdependence, coherence, development strategies, debt and finance. UNCTAD had a clear mandate in this respect, and its mission should not be undermined by management reform, but rather strengthened, as it was the only UN focal point for the integrated treatment of trade and development, as well as of related issues in financing, investment, technology, and sustainable development. UNCTAD's unique mandate should be preserved and made coherent with the development mandates of other UN institutions.

16. The representative of **Algeria**, speaking on behalf on the **African Group**, stressed that the Mid-term Review should give impetus to the continuous adaptation and renewal of UNCTAD in the overall context of the UN reforms. The development dimension should be at the heart of the reform process, and UNCTAD's mandate should be confirmed and reinforced. Protectionism in the North threatened to undermine the opportunities that globalization could bring for developing countries, and he therefore called for a better integration of development requirements into international cooperation instruments and for greater policy space for national development policies vis-à-vis international commitments. The issue of effective access to markets was equally important, without which the integrative potential of globalization could not be realized.

17. The particular problems faced by Africa included the persistence of tariff and non-tariff barriers, lack of diversification of economic activities, continued dependency on traditional commodity exports, and debt. On the latter, he called for a strengthened and simplified debt relief processes. UNCTAD had an important role to play in helping countries maximize the positive impact of FDI on their development, and in that connection he highlighted the need to take account of the contributions of transnational corporations to development, including in the area of transfer of technology. He also encouraged the secretariat to continue its research and analysis efforts aimed at achieving increased coherence in investment promotion.

18. UNCTAD's efforts in the area of information and communication technologies (ICT) were recognized, and the secretariat should continue its research work on the development impact of ICTs and pursue its efforts in the implementation of the WSIS outcomes.

19. Capacity-building, in particular in the areas of infrastructure and trade competitiveness, should remain a central concern of the international community, and priority areas should include: the capacity to accede to the WTO; the capacity to negotiate in international economic and financial institutions; the capacity to bring national laws into conformity with multilateral rules; and the capacity to improve the competitiveness of African countries. This would require sustainable financial efforts and shared responsibility on the part of the international community. Finally, the African Group called for a renewed partnership between developed countries and Africa.

20. The representative of the **Czech Republic**, speaking on behalf of **Group D**, noted that the Mid-term Review was an opportunity for shaping the future of UNCTAD. It should focus on assessing how the member States and the secretariat had succeeded in fulfilling the SPC mandate and identifying areas that were in need of improvement.

21. UNCTAD's analytical and research activities, as embodied in publications such as the *Trade and Development Report* and the *World Investment Report*, were useful and valuable and should serve as the basis for UNCTAD's other activities. Regarding technical assistance, UNCTAD had done a considerable amount of work, but more could nevertheless be done. Technical assistance should be demand-driven and accompanied by an evaluation process. Enhanced cooperation and coherence with other international organizations and donors were essential in ensuring that the final output generated the desired synergies.

22. The Mid-term Review process should be viewed within the wider context of UN reform, in particular to ensure the effective participation of UNCTAD in that process, as stated in paragraph 10 of the São Paulo Consensus. It should seek to make UNCTAD a more effective, efficient and relevant organization.

23. The representative of **Austria**, speaking on behalf of the **European Union** and the acceding countries of **Bulgaria** and **Romania**, noted that the MTR process presented an opportunity to assess UNCTAD's contribution to the trade and development agenda. It would be important to measure UNCTAD's work not only against the São Paulo Consensus but also from the perspective of evaluating the effectiveness of UNCTAD's activities within the UN's wider development activities.

24. From the EU's perspective, UNCTAD's work would be assessed and evaluated across the key priority areas of: integrating trade and investment into national development policies and poverty reduction strategies; regional integration and South-South trade; and

commodity dependence and poverty. UNCTAD's work should be measured by results, impact and coherence, and the existing results-based management tools currently employed should be evaluated to see whether they played their proper role in measuring expected accomplishments and achievements.

25. European Union countries were accountable to their taxpayers, and they would be paying close attention to the judgments of their developing country partners on UNCTAD's work and how it had impacted their development. UNCTAD's activities, particularly in technical assistance, should be demand-driven so as to ensure full country ownership.

26. The EU was fully committed to playing its part in making UNCTAD an effective organization that would deliver benefits to all developing countries. LDCs and other poor and vulnerable countries, particularly in Africa, were at risk of marginalization. Given the profound challenges of these countries in increasing their exports, attracting crucial foreign investment and building public institutions essential for competitiveness and innovation, work in those areas must remain a major focus for UNCTAD. The present reform process should not diminish the status of UNCTAD but should ensure UNCTAD's continued efficiency, effectiveness and relevance.

27. UNCTAD was the UN focal point for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development, and it must stay ahead of the curve in identifying and addressing new emerging challenges on these fronts. UNCTAD's flagship publications were of high quality, but further assistance was needed to improve its outreach/communication strategy to improve its interaction with member States.

28. The EU appreciated the work done in the areas of investment, assistance for WTO accession, South-South trade promotion, the Global System of Trade Preferences, commodities and trade facilitation. Ways of enhancing coherence in these areas should be sought. In the area of databases and analytical tools, UNCTAD should seek to strengthen existing and establish new cooperation with relevant organizations to provide such tools to inform research and analysis and guide technical assistance.

29. With regard to the documentation prepared for the Mid-term Review, the reports did not refer to expected results and impact orientation, and much of it focused on quantity of outputs but missed out on quality, which did not facilitate the stocktaking, monitoring and evaluation process. Unfortunately, the 2005 *Annual Report* had been released only recently. She regretted that the request in the São Paulo Consensus for the *Least Developed Countries Report* to be published annually had not been acted on, and an explanation should be provided. More information should also be provided on UNCTAD's contribution to the upcoming LDC Review Conference and on how UNCTAD viewed its present and future role in contributing to the Integrated Framework.

30. The EU requested additional information on the linkages between UNCTAD's analytical work and its technical assistance and noted that more work could be done to improve the linkages between analytical and operational activities. It also sought more information on UNCTAD's participation in the UN reform process, on its progress in coordinating technical assistance activities with other UN development agencies, and on its capacity to contribute in its areas of comparative advantage. Finally, it encouraged UNCTAD to develop a coherent fundraising strategy and supported initiatives to increase programmatic coherence and consistency.

31. The representative of **Switzerland** referred to the statement made by his delegation at the thirty-eighth executive session of the Board on 20 April 2006 and reiterated the importance of the Mid-term Review in light of the ongoing UN reforms. UNCTAD should be revitalized on the basis of, on the one hand, its “centres of excellence”, i.e. its research and technical assistance in trade, commodities, investment and competition, and, on the other hand, its organizational means. Steps should be taken at three levels: to better integrate UNCTAD's operational activities into the larger framework of UN development work; to ensure a better division of labour and cooperation with other international organizations; and to reinforce technical assistance programmes' efficiency and impact through an independent unit responsible for follow-up and evaluation. Finally, the intergovernmental machinery should be simplified and result-oriented.

32. The representative of **Thailand** said that, in addition to the São Paulo Consensus mandates, the Mid-term Review should include issues like the contribution of UNCTAD to the achievement of the Millennium Development Goals (MDGs) and to the WSIS mandate on ICT development. In the context of transforming the United Nations into a more effective organization, UNCTAD must now further strengthen its three pillars and achieve more concrete outcomes. It would be essential to improve coordination within the UN on economic and social issues, and to strengthen UNCTAD as its principal body to deal with trade and development issues. UNCTAD should also design a better communications strategize in order to raise its profile. He hoped that the reform process being undertaken by the Secretary-General of UNCTAD to streamline managerial processes would be holistic and transparent while taking into account the views of all States and other stakeholders.

33. His Government placed emphasis on fostering partnerships for development, and UNCTAD could contribute to making globalization a positive force by providing a forum for exchanging development experiences and strategies. Working jointly with UNCTAD, Thailand had established the International Institute for Trade and Development (ITD) as a regional focal point for knowledge dissemination and training in trade and development.

34. The representative of the **Russian Federation** expressed support for UNCTAD's efforts to adapt its work to the existing realities and practical needs of its members. His Government approached UNCTAD activities from two main points of view: the integrity of its mandates, and its universality. One of the main criteria in assessing the efficiency of any international organization was its capacity to implement effectively all its programmatic objectives as established by member States, and for UNCTAD such objectives were set out in the São Paulo Consensus. UNCTAD's work since UNCTAD XI had been positive, in particular in such areas as exploring best international practices and experiences in macroeconomic and financial policies, national institutional capacity building, and studying different development models on the assumption that a “one-size-fits-all” approach was not acceptable. Such research and analysis should be expanded to cover more countries. UNCTAD's analytical documents on the situation and trends in the world economy, international trade and investment flows, which regularly analysed developments and trends in Russia, were also of high quality. In that connection, the UNCTAD secretariat should continue to pay due attention to the dynamic CIS/CEE region. Other topics of interest to his Government included: trade efficiency and trade facilitation; trade in energy and energy services; regional trade arrangements, including those within the CIS region; competition policy and restrictive business practices; and the interaction between trade and investment. The UNCTAD secretariat could make more use of Russian experts and researchers in its analytical work.

35. UNCTAD's support for Russia's WTO accession had been quite effective, and it was therefore important to ensure full implementation of paragraph 98 of the São Paulo Consensus regarding enhancing UNCTAD's support to countries prior to, during, and in the follow-up to their WTO accession process. Other useful assistance provided by UNCTAD, in cooperation with other international organizations, had related to strengthening the competitive and investment potential of Moscow enterprises and adopting international reporting standards and principles of corporate responsibility in Russia.

36. The representative of **Japan** said that the Mid-term Review of UNCTAD's activities should be undertaken in the context of the UN reforms and the current Doha Round, and account should be taken of the forthcoming Eminent Person's report. UNCTAD XII in 2008 would coincide with TICAD IV and the G8 Summit, and it would be important to ensure synergy among all these fora.

37. In that connection, five main issues were worth highlighting: mandate review; South-South cooperation; ownership and partnership; policy space; and post-Doha issues. On mandate review, the Mid-term Review should identify which mandates had been implemented and identify areas where UNCTAD had a comparative advantage, as well as areas where duplication with other international organizations occurred. UNCTAD had a comparative advantage, *inter alia*, in trade-related capacity building, GSP, GSTP negotiations, investment and competition. South-South cooperation had been increasing, and the implementation of UNCTAD's mandate in that respect should be reviewed. For its part, Japan had committed itself to accelerating Asia-Africa cooperation through the TICAD process.

38. Ownership by developing countries and partnership with the international community was required for successful development strategies and a tailor-made approach to development. However, policy space did not mean exemption from international obligations which countries had undertaken. Post-Doha issues remained important, and UNCTAD should reflect on how it could assist developing countries to integrate into the multilateral trading system in the post-Doha period and how it could play a role in the Aid for Trade initiative.

39. The representative of the **United States of America** said that the Mid-term Review was taking place in the midst of other crucial reform processes, such as UNCTAD's Eminent Persons Panel and the mandate review called for by the 2005 World Summit. The Mid-term Review was therefore an opportunity to speak with one voice on UNCTAD's vision and how it could best fulfill its fundamental objective of fostering economic growth and poverty reduction in developing countries through trade.

40. Her country intended to examine UNCTAD's work in terms of practicality, usefulness, and performance in implementing the directives of the São Paulo Consensus, and to negotiate an outcome based on the action-oriented paragraphs of the São Paulo Consensus. It would consider only those paragraphs of the São Paulo Consensus that specifically directed UNCTAD to undertake work. Although interesting discussions could be conducted on different paragraphs contained in the chapeau of the São Paulo Consensus (such as paragraph 8), the agreed outcome should reflect only operational elements.

41. Although one major objective of the Mid-term Review was to provide a consensual appraisal of UNCTAD's work in order to identify priorities, such an agreed outcome should not be the sole aim of the process. Another important outcome could be to contribute to a

greater understanding of issues where members' views would continue to diverge, including policy space.

42. The representative of **Belarus** emphasized the specific needs and enormous challenges faced by countries with economies in transition. UNCTAD remained a key organization in the UN system and had the necessary competence and comparative advantages to contribute effectively to the integration of countries with economies in transition into the world economy.

43. He commended the work carried out in implementation of paragraphs 49-51 and 98 of the São Paulo Consensus. He encouraged the secretariat to enhance its technical support for WTO accession of countries with economies in transition. Insufficient attention was given to the implementation of the São Paulo Consensus mandates relevant to countries with economies in transition in a number of cases, such as paragraphs 26 and 53 of the Consensus. That situation that should be redressed in the next two years.

44. The representative of **China** said that the outcome of the Mid-term Review should map out the future course of action, taking into account UNCTAD's comparative advantages and enhancing UNCTAD's work at the international, regional and national levels. UNCTAD's assistance was important in capacity building with respect to formulating and implementing development policies in a number of areas. Developing countries faced difficulties in meeting the MDGs and had to make adjustments, including adopting strategies tailored to their needs. The international community must make joint efforts to establish a fair and just international economic order and honour the commitments made at a major international conferences.

45. Another priority area related to building productive capacities and competitiveness. Developing countries needed well coordinated macroeconomic policies and good industrial policies at the national level, as well as corresponding moves at the international level on investment, technology transfer and corporate responsibility. UNCTAD should focus its research and analysis on facilitating coordination and coherence of international policies. It should also conduct research into policy space in order to promote better understanding of the issues involved.

46. UNCTAD had helped developing countries understand the objectives of the Doha multilateral trade negotiations, promoting consensus and building negotiation capacities. It had been an essential supplement to WTO and should further strengthen its technical assistance and capacity building work. It should bring its expertise fully into full play in its partnerships with other international organizations and civil society with a view to contributing to coherence and helping derive maximum benefits from cooperative efforts.

47. The representative of **Ghana** said it was crucial for UNCTAD to renew itself and rededicate itself to bringing the development agenda to the fore. The unique role of UNCTAD to provide "common ground" for all parties in the international arena to interact for positive results was paramount. All three pillars of UNCTAD's work could be effective if all countries engaged fully and equally. For its part, Ghana intended to remain engaged and help maintain the integrity of the process.

48. The UN reform should lead to a stronger and more effective UNCTAD, with full mandates and support but not as a subset of any other UN organization. Ghana's immense interest in the future positive growth of UNCTAD was reflected in the fact that it would be hosting UNCTAD XII. Ghana wanted UNCTAD to become an effective instrument for fair and better trade, as well as a more reliable means for eradicating poverty and ensuring lasting security in the world.

49. The representative of **Brazil** said that the Mid-term Review should take into account the forthcoming report on UN system-wide coherence and the report of the UNCTAD Panel of Eminent Persons. In the Mid-term Review process, a clear distinction should be made between mandates and management issues; while streamlining management was a welcome initiative, it should not dilute UNCTAD's core functions and mandate.

50. In terms of its three pillars, UNCTAD should pursue research and policy analysis on the relationship between trade, finance, technology and development; the development dimensions of international investment agreements; and the needs of LDCs, landlocked countries and island developing States. The results of the work should be disseminated through the flagship reports. Technical assistance activities should be demand-driven and should serve to exchange best practices and experiences, including in the areas of creative industries and biotrade, structural adjustment, good governance, trade and investment facilitation, negotiations on codes of conduct, GSTP negotiations, and discussions on Aid-For-Trade. UNCTAD's technical assistance activities should also contribute to the implementation of internationally agreed development goals. Increased cooperation with other UN bodies, such as UNDP and regional organizations, should also be encouraged.

51. Regarding the concept of policy space, a hallmark of the São Paulo Consensus, UNCTAD had a role to play in pursuing an integrated approach to trade and development, through which countries would find a balance between the benefits of international rules and the constraints resulting from the loss of policy space. The role of UNCTAD was unique, as it took a critical view of all dimensions of development and could promote a fair, useful and essential debate on policy space.

52. The representative of **Tonga**, speaking also on behalf of the **Solomon Islands**, emphasized the importance of pursuing the MDGs and the related objectives set forth in the São Paulo Consensus. UNCTAD had an important role to play in promoting economic policies and strategies at the national, regional and international levels that supported sustained growth and poverty reduction in developing countries. Paragraphs 33, 34, 84 and 85 of the São Paulo Consensus were particularly important; they called for increased efforts to address the special needs of LDCs and small island developing States, and greater assistance was needed in that area.

53. UNCTAD's technical assistance and capacity building activities at the national, regional and international levels were welcome. Additional analytical work and research should be carried out on trade issues of particular relevance to the Pacific island States. For example, those States and the Pacific region as a whole could be included in the Trade and Development Index, assessments of services sector development, and multilateral and regional liberalization strategies aiming to improve export competitiveness, attract investment and promote economic development.

54. He supported UNCTAD's efforts to reinforce institutional, human resource and infrastructural capacities in the area of trade. Tonga and most small island States in the Pacific wished to have a multilateral trading system that was open, rule-based, predictable and non-discriminatory. Such a system must be equitable, flexible in the light of small islands' needs, and development-oriented to ensure that island countries could achieve the MDGs.

55. The representative of **Bangladesh** said that the Mid-term Review was critical for advancing the interrelationship between trade and development through the three pillars of UNCTAD. It was also the time to assist LDCs to participate actively and substantially in the multilateral trading system. The São Paulo Consensus asked UNCTAD to investigate the root

causes of the marginalization of LDCs in international trade, and to identify long-term solutions so that LDCs could be better integrated into the international trading system. As one practical step, this called for strengthening UNCTAD's Division on LDCs to enable it to implement the tasks assigned by the São Paulo Consensus, such as the regular publication of the *Least Developed Countries Report*.

56. He commended UNCTAD's active involvement in the Integrated Framework for Trade-related Technical Assistance for the LDCs. UNCTAD should be even more active in the enhanced Integrated Framework currently being worked on. He also appreciated UNCTAD's technical assistance to LDCs on building productive capacities and attracting FDI, but noted that activities should not focus on any specific region at the expense of other LDCs in other regions. UNCTAD was asked to provide more custom-made assistance programmes to the LDCs on the basis of their development needs.

57. The representative of **Vanuatu** expressed full support for the statement made by Tonga. He further stressed the need to take into account the economic and social peculiarities of small island developing States, particularly LDCs in the Pacific region, in evaluating the implementation of paragraph 98 of the São Paulo Consensus, which stated that UNCTAD should provide enhanced technical support to all developing countries and economies in transition, particularly LDCs, "prior to, during and in the follow-up to the WTO accession".

58. The representative of **Mozambique** said that her country, like other LDCs, had a critical stake in UNCTAD, since LDCs remained the most marginalized countries in terms of world trade and using trade as an engine of development. The provision of trade preferences and their utilization by LDCs served as an important instrument for the integration of LDCs, and UNCTAD's work had been instrumental in informing the international community about preferential market access for LDCs. UNCTAD should now help LDCs in respect of the design of appropriate rules of origin, so that LDCs could begin to exploit trade preferences. Mozambique was committed to ensuring a successful conclusion of the Doha round that met the development expectations of LDCs and other developing countries, and UNCTAD could help in that connection.

59. As a result of UNCTAD's technical assistance activities, LDCs had individually and jointly elaborated key issues in the multilateral trade negotiations. She called for continued support by UNCTAD in the post Hong Kong negotiations and emphasized the value of UNCTAD's support to the WTO accession process of several LDCs. Her country needed UNCTAD's assistance not only to mainstream LDCs' concerns into the international dialogue on development, but also to build capacities at the national level to take advantage of emerging trading opportunities. Donor support for UNCTAD's programme on trade and commodities should be strengthened so that UNCTAD could help LDCs to build supply capacities, strengthen their competitiveness, cope with quality, health and safety standards in export markets, and meet adjustment costs arising from trade reforms. UNCTAD's revival of work on non-tariff barriers would be very important in that regard. UNCTAD's work on the assessment of trade services had been particularly useful in terms of enhancing the participation of LDCs in global services trade and services negotiations.

60. Finally she mentioned the great importance of UNCTAD's work on commodities. UNCTAD must continue to forge new innovative approaches to dealing with the commodities problématique.

Chapter II

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

1. Opening of the session

61. The special session was opened by Mr. Ransford A. Smith (Jamaica), President of the Board.

2. Adoption of the agenda

62. The Board adopted the provisional agenda as contained in document TD/B(S-XXIII)/1.

3. Bureau

63. The Bureau of the Board was as elected at its fifty-second session. The Bureau was thus as follows:

President:	Mr. Ransford A. Smith	(Jamaica)
Vice-Presidents:	Mr. Juan Antonio March	(Spain)
	Mr. Wegger Christian Strømmen	(Norway)
	Mr. Juan Antonio Fernández Palacios	(Cuba)
	Mrs. Brigitta Maria Siefker-Eberle	(Germany)
	Mr. Iouri Afanassiev	(Russian Federation)
	Ms. Melissa Kehoe	(United States)
	Mr. Sameh Shoukry	(Egypt)
	Mr. Kwame Bawuah-Edusei	(Ghana)
	Mr. Gyan Chandra Acharya	(Nepal)
	Mr. Musa Burayzat	(Jordan)
Rapporteur:	Mr. Levan Lomidze	(Georgia)

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