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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Division on International Trade in Goods and Services, and Commodities

ACTIVITY REPORT 2004

Major Outputs and Lessons Learnt

Note by the UNCTAD Secretariat

Executive summary

This report prepared by the Division on International Trade in Goods and Services, and Commodities, provides a survey of some main outputs delivered in 2004 and lessons learnt, consistent with the subprogramme 3 on International Trade under Section 12 (Trade and Development) of the United Nations programme budget for 2004-2005. It provides detailed information on an illustrative list of activities of the Division to facilitate review by member States and other interested entities.

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I: OBJECTIVE OF THE SUBPROGRAMME ON INTERNATIONAL TRADE

To improve understanding of current and emerging issues in international trade of concern to developing countries and to enhance ability to address those concerns in the areas of agriculture, services, electronic commerce, competition law and policy and the trade-environment-development nexus, with a view to assisting developing countries to integrate themselves more fully into, and derive benefits from, the international trading system and to increasing their participation in world trade. (Objective of the subprogramme)(Table 12.15 in document A/58/6(Sect.12))

1. The subprogramme on international trade is under the responsibility of the Division on International Trade in Goods and Service, and Commodities (Division hereafter). The Division is comprised of the Office of the Director and five Branches, namely: Trade Negotiations and Commercial Diplomacy; Trade Analysis; Commodities; Competition and Consumer Policies; and Trade, Environment and Development.
2. The Division provided significant contributions to the preparatory process for UNCTAD XI and the Conference itself, which was the main highlight in 2004. Technical backstopping support was provided to the President of the UNCTAD XI Preparatory Committee of the Whole, and to the Preparatory Group of the Group of 77 and China in the finalizing of the pre-conference negotiating text in respect of sub-theme 3 on “assuring development gains from the international trading system and trade negotiations”. The “Rio Trade Week” preparatory to the Conference was organized in Rio de Janeiro from 7-12 June 2004 on a series of topics relating to sub-theme 3 of the Conference.¹ Several reports and notes were prepared for the Conference, the Rio Trade Week and for the parallel and side events at the Conference.
3. At the Conference, servicing support was provided to the Round Table of Heads of State and Government on the “New Geography of International Trade: South-South Cooperation in an Increasingly Interdependent World” and to the thematic interactive events on “Assuring development gains from the international trading system and trade negotiations” and on “Policy options and strategies to support developing countries’ competitiveness in the most dynamic sectors of international trade”. Support was also provided to the Special Session at Ministerial Level of the Committee of Participants of the Global System of Trade Preferences among Developing Countries (GSTP), which agreed to launch the third round of GSTP negotiations, which UNCTAD is servicing.
4. UNCTAD XI resulted in the adoption of the Spirit of São Paulo and the São Paulo Consensus which marked a paradigm shift in emphasizing the qualitative integration of developing countries, especially the LDCs, African countries, and countries with special developmental needs into the international trading system. This is imbedded in the São Paulo Consensus’ sub-theme on “assuring development gains from the international trading system and trade negotiations”. The result, *inter alia*, confirm the comprehensive mandate of UNCTAD in its three pillars of consensus building, research and policy analysis, and technical assistance in international trade in goods and services; multilateral, regional and South-South trade negotiations and agreements; trade analysis; commodities and development; trade, environment and development; and trade, competition and development. UNCTAD XI and its preparatory process were notable in launching several initiatives (see Box 1 below).

¹ For details see “Report on the Rio Trade Week Preparatory to UNCTAD XI” (TD/L.395).

Box 1. Initiatives on International Trade and Commodities from UNCTAD XI and its preparatory process

(1) Sustaining the emergence of a new trade geography including through South-South cooperation; (2) Formation of a network of regional trade agreements to foster mutual cooperation, and regular reviews of RTAs (regional trade agreements) and issues of the interface between regionalism and multilateralism. (3) Undertaking sectoral reviews of new and dynamic sectors in international trade to foster increased participation by developing countries in these sectors; (4) Launching national services assessment reviews to develop services policies and strategies; (5) Refining and reporting on trade and development benchmarks; (6) Constitution of a Consultative Task Force on environmental measures and market access to raise awareness about such measures and promote international cooperation in addressing them; (7) Extending the BioTrade Initiative to African countries; (8) Setting up the International Task Force on Commodities to address the different range of problems affecting this sector in areas such as prices, value chain, and marketing; (9) Help develop links between public and private companies in the oil and gas sector, especially SMEs; (10) Developing a network of export import banks to facilitate trade; and (11) Promote competition policy as a key instrument in enhancing productivity, investment and export competitiveness of firms in developing countries, while promoting equity, consumer protection and poverty alleviation.

5. After UNCTAD XI, the 43rd session of the Working Party on the Medium Term Plan and Programme Budget, discussed the mandate provided by UNCTAD XI and the integration of specific outputs into the work programme of the current biennium (2004-2005). The Division also reported to the Working Party on its technical assistance and capacity building programme and activities, including on the follow-up to the evaluation on the trade and environment work programme. The Division accords high priority to the special needs of LDCs and African countries in all its activities.

6. Earlier in the year, the Eighth session of the Commission on Trade in Goods and Services, and Commodities (Geneva, 9-13 February 2004)² dealt with three key items, namely market access, market entry and competitiveness including on commodities; trade, environment and development; and trade in services and development implications, drawing upon background notes provided by the Division on each of these topics.³ It also reviewed the implementation of agreed conclusions and recommendations of the Commission, including on the post-Doha follow-up, based on a report by the Division.⁴ The Commission considered the reports of expert meetings held during 2003 on market entry conditions affecting competitiveness;⁵ definitions and dimensions of environmental goods and services in trade and development;⁶ and market access issues in mode 4 and effective implementation of Article IV of the GATS on increasing participation of developing countries.⁷ The Commission requested UNCTAD to continue its policy-oriented analysis and capacity-building activities. A progress

²See report of the 8th session of the Commission in document TD/B/COM.1/67, TD/B/COM.1/67/Corr.1.

³These are TD/B/COM.1/65, TD/B/COM.1/62, and TD/B/COM.1/63.

⁴TD/B/COM.1/61

⁵26-28 November 2003. See Report of the Expert Meeting on Market Entry Conditions Affecting Competitiveness and Exports of Goods and Services of Developing Countries: Large Distribution Networks, Taking into Account the Special Needs of LDCs. (TD/B/COM.1/66)

⁶9-11 July 2003. See Report of the Expert Meeting on Definitions and Dimensions of Environmental Goods and Services in Trade and Development (TD/B/COM.1/59).

⁷29-31 July 2003. See Report of the Expert Meeting on Market access Issues in Mode 4 (Movement of Natural Persons to Supply Services) and Effective Implementation of Article IV on Increasing Participation of Developing Countries (TD/B/COM.1/64).

report on the implementation of these recommendations is being provided by the Secretariat to the ninth session of the Commission (14-18 March 2005).⁸

7. In the delivery of its research, consensus building and capacity building and technical assistance activities, and as and where appropriate, the Division cooperates with other United Nations organizations, and the academic and private sectors as well as civil society. Its capacity building programmes benefit from financial support from developed countries and donor institutions. This close cooperation between UNCTAD, developing countries, donors and other partners has proven effective in exchanging knowledge and expertise and in developing networks in delivering trade and trade-related capacity building assistance, undertaking research and policy analyses and facilitating intergovernmental deliberations.

8. The Division, on behalf of UNCTAD, is the convener of the Working Group on Trade of the Executive Committee on Economic and Social Affairs (EC-ESA). The Working Group involves UNCTAD, UN regional commissions and UNEP. It meets to enhance cooperation among the key UN economic agencies with a view to bringing about greater synergy in the provision of trade and trade-related support to developing countries and countries with economies in transition. The Group met and discussed, *inter alia*, preparations for UNCTAD XI, including by regional commissions, and the coordination of work on trade and trade-related activities in the context of the UN-system wide preparations of the programme budget for the biennium 2006-2007.

II: TRADE NEGOTIATIONS AND COMMERCIAL DIPLOMACY BRANCH

Strengthened capacities of developing countries and countries with economies in transition to formulate, articulate and implement appropriate policies and strategies to participate effectively in, and derive maximum benefit from, international trade and, in particular, multilateral trade negotiations as well as in achieving progress in the process of accession to WTO. (Expected accomplishment (a) of the subprogramme) (Table 12.15 in document A/58/6(Sect.12))

A: Major output and activities

(1) UNCTAD XI

9. The following were among the main activities by the Branch for UNCTAD XI:

- a) Provision of technical support to the President of the UNCTAD XI Preparatory Committee of the Whole, and the Chairman of the Preparatory Committee for UNCTAD XI of the Group of 77 and China in drafting and finalizing the pre-conference negotiating text in respect of sub-theme 4 on “assuring development gains from the international trading system and trade negotiations”.
- b) Organization of a “Forum on Multilateralism and Regionalism: The New Interface” during the Rio Trade Week, and providing a background note for the forum on “Multilateralism and regionalism: The new interface”.

⁸ Progress report on the implementation of agreed conclusions and recommendations of the Commission, including post-Doha follow-up (TD/B/COM.1/69).

- c) Servicing the UNCTAD XI Interactive thematic session on “assuring development gains from the international trading system and trade negotiations”, and providing a background note on “Assuring Development Gains from the International Trading System and Trade Negotiations”.⁹
- d) Organization and servicing the parallel events, including providing background documents, at the Conference on: Forum on Assessment of Trade in Services and Development Gains; Seminar on International Trade in GMOs: Trends and Capacity-Building Needs;¹⁰ and special event on JITAP: Capacity Building in Assuring Developmental Gains from the Multilateral Trading System.

(2) Trade and Development Board

10. Since 2002, the Board has conducted an annual review of developments and issues in the post-Doha work programme of particular concern to developing countries. The Branch provides the background note for these deliberations and services the deliberations. At its 51st session,¹¹ the Board conducted a review, based on the Secretariat’s note on “Review of developments in the post-Doha Work Programme of particular concern to developing countries: A Post-UNCTAD XI perspective”.¹² The note provided a comprehensive account of development-related issues arising in the Doha negotiations following UNCTAD XI and adoption by the WTO of the 1 August 2004 Decision containing the July Package. A conference room paper was also prepared and provided on “Assuring Development Gains from the International Trading System and Trade Negotiations: Implications of ATC Termination on 31 December 2004”.¹³ The Board's discussion was enriched by the participation of the WTO Director-General.

11. The Board’s deliberations, of which an overview is provided in the President’s summary,¹⁴ highlighted the following: UNCTAD’s contribution to the confidence- and consensus-building on the Doha negotiations in general and its positive role in facilitating the July Package was recognized; there was wide recognition that the Board continued to provide a unique opportunity for all governments to discuss issues outside of a formal negotiating setting; key determinants of progress in the implementation of the July package and its development dimension were discussed; the work of UNCTAD on the larger universe of the international trading system, including regional trade agreements and South-South trade, was highlighted; and the constructive contribution of UNCTAD’s consensus building, analytical, and technical cooperation activities to multilateral trade negotiations was affirmed.

12. In addition, an input was provided to the document for the Board’s discussions on UNCTAD's contribution to the implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields.¹⁵

⁹ TD/397.

¹⁰ As a result of the event, a new study "International Trade in GMOs: Legal Frameworks and Developing Country Concerns" (UNCTAD/DITC/TNCD/2004/1) was published in November 2004.

¹¹ On 8 October 2004.

¹² TD/B/51/4.

¹³ TD/B/51/CRP.1.

¹⁴ TD/B/51/L.8.

¹⁵ UNCTAD’s contribution, within its mandate, to the implementation and to the review of progress made in the implementation of the outcomes of the major UN conferences and summits (TD/B/51/5).

(3) Commission on International Trade in Goods and Services, and Commodities

13. The Branch provided reports and serviced the Eighth session of the Commission on Trade in Goods and Services, and Commodities as regards the topic on trade in services and development implications, and the reporting on the expert meeting on market access issues in mode 4 and effective implementation of Article IV of GATS on increasing participation of developing countries.

(4) Participation in WTO-related activities

14. The Branch participates in, and reports on, the meetings of WTO bodies and provides contributions when requested. These include particularly the General Council, Goods Council and its subsidiary bodies, Services Council, TRIPS Council, Committee on Trade and Development, Sub-Committee on LDCs, Committee on Regional Trade Agreements, Textile Monitoring Body, WTO-accession related meetings, and the trade policy review body.

(5) Documentation/Publications

15. The following documents, among others, were prepared:

- a) The Report of the UN Secretary General on “International Trade and Development”¹⁶ to the 59th session of the UN General Assembly.
- b) *Turning Losses Into Gains: Small Island Developing States and Multilateral Trade Liberalization in Agriculture* (July 2003). This publication, firstly, analyzes how exactly "being a small island " influences Small Island Developing States' (SIDS) capacity to benefit from multilateral agricultural liberalization; and, secondly, identifies a set of policy options that would allow SIDS to benefit from ongoing agricultural liberalization.
- c) *Trade negotiations issues in the Cotonou Agreement: Agriculture and Economic Partnership Agreement* (January 2004). This publication contains a collection of papers providing analyses, based on regional experiences, of alternative trading arrangements foreseen under the Cotonou Agreement, in particular economic partnership agreements, and focuses on the issue of agriculture trade liberalization under the ACP-EU negotiations, taking into account its relation to multilateral trade negotiations.
- d) Several technical studies on international trade and trade negotiations were prepared and several more are under preparation. The former includes papers for the Rio Trade Week, UNCTAD XI parallel events, and the Doha High-Level Forum on Trade and Investment. The latter include studies to assist countries in the Doha negotiations, undertaken at the request of the countries, in textiles and clothing in Burkina Faso and services assessment in Kenya and the United Republic of Tanzania.

¹⁶ A/59/305.

- e) Analytical contributions were made to policy analyses on the international trading system and trade negotiations for reports on follow-up to the Millennium declaration, Monterrey Consensus, and World Economic and Social Survey.

(6) *Advisory services, technical assistance and capacity building*

16. In terms of *advisory services*, the Branch carried out some 120 advisory and technical missions to developing countries, in particular to LDCs, African countries and their regional organizations, on the WTO Doha Work Programme, ACP-EU trade negotiations in addressing development issues arising from negotiations with the EU on economic partnership agreements, regional trade negotiations among developing countries, accession to WTO, dispute settlement, and the GSP and other trade preferences.¹⁷ The Branch continued to provide *technical assistance* to developing countries, including LDCs at the national level, utilizing extra-budgetary resources. The list of activities implemented reveals a wide variety of formats, countries and regions, topics and levels of training or capacity building, according to the demands and to the various extra budgetary resources available for the technical assistance activities.¹⁸

17. The Branch has developed and implements many technical assistance projects on trade negotiations and commercial diplomacy, including programmes of capacity-building and technical cooperation for developing countries, especially LDCs, and economies in transition, in support to their participation in the WTO Doha Work programme; programmes of capacity-building and technical cooperation for countries acceding to the WTO, especially LDCs, and economies in transition; commercial diplomacy activities; services negotiations projects; dispute settlement in international trade, investment and intellectual property; JITAP for 16 African countries; a UNDP-financed capacity building programme for trade development in Africa and support to ongoing multilateral trade negotiations; and started implementation of a project on international trade, trade negotiations and MDGs. In addition, with financial support from the Government of the UK, on-going assistance is provided to Geneva-based trade negotiators on an individual basis and for groups of developing countries in enhancing their understanding of the issues involved in the negotiations on trade in services and in identifying ways for increasing their participation in the negotiations. Many African countries and LDCs have benefited from such assistance, both in Geneva, and in capitals as well as regional organizations. Similar assistance has been provided, especially to LDCs, in respect of agriculture negotiations. Several workshops on topics of interest to LDCs, such as subsidies, were held at their request.

18. A major aspect of the Branch's work covers support on WTO accession. The Branch continued to assist 16 acceding countries, including all acceding LDCs. Ten of them, which are LDCs, are provided technical assistance under the UNCTAD Trust Fund for Accession, supported by the UK and Norway. Algeria received similar technical assistance utilizing UNDP funds. The technical assistance provided included advisory missions, training of officials in WTO-related issues, procurement of IT equipment and the provision of consultants in specific areas to assist the negotiating team. Technical

¹⁷ Advisory services on GSP, rules of origin and other trade laws were carried out in China (Beijing), Vietnam (Hanoi), Thailand (Bangkok), Mexico (Mexico City) and Argentina (Buenos Aires); as well as regional workshops in Thailand (Bangkok) on the 5th WTO Ministerial Conference and in Brazil (São Paulo) on FTAA and WTO negotiations.

¹⁸ These activities are shown in the website www.unctad.org/comm dip - the website itself was revamped.

advisory missions were undertaken in Azerbaijan, Cape Verde, Ethiopia, Laos, Sudan and Yemen, on their preparation for the first working Party on accession. Policy advice was provided and the members of the negotiating team were trained and prepared on both substance and procedures of accession, including through simulation exercises on the meeting of the Working party on accession. Technical missions were sent to these countries to undertake the initial steps necessary to launch the sectoral studies to be undertaken, in view of the preparation of the initial offers on goods and services. Intensive training sessions were organized in Geneva and in the capitals for members of the negotiating team on how to manage the Working party on accession.

19. The Branch participated in a joint UNCTAD/WTO workshop on accession organized in Yemen, involving the private sector and civil society. Accession to the WTO was the focus of a Paragraph 166 training course organized in Prague in July, and attended by participants from acceding countries in Europe. Support was provided to Vietnam in achieving trade-related capacity building through training of trainers in the area of trade negotiations, to enhance the long-term capacity building goal.

20. The dispute settlement programme of the Branch implemented several workshops and prepared several courses. Workshops were conducted on: Introduction to WTO Dispute Settlement, Guatemala;¹⁹ WTO Dispute Settlement on Commercial Defence Measures, São Paulo;²⁰ and Introduction to WTO Dispute Settlement, Managua.²¹ Some 40-course modules have been finalized on General Dispute Settlement Topics, Settlement of International Investment Disputes and ICSID, Settlement of International Trade Law Disputes and WTO, Settlement of International Intellectual Property Disputes and WIPO, International Commercial Arbitration; and Regional Approaches. Some 36 modules of the course have been placed on the project website,²² from where they can be downloaded free of charge by visitors to the UNCTAD website.

21. In total, the Branch organized about 100 training courses, seminars and workshops on multilateral and regional trade negotiations, accession to the WTO, commercial diplomacy activities, and GSP and other trade preferences, with the total participation of some 2000 representatives from Governments, business, and civil society. As regards trade preferences, technical cooperation activities were mainly directed at providing government officials with the expertise necessary to resolve difficulties encountered in GSP utilization, and rules of origin requirements. A trade negotiation simulation-training workshop, based on the GATS, was organized under JITAP for the benefit of Anglophone countries.²³ Under Paragraph 166 of the Bangkok Plan of Action, one training course on selected issues of the international economic agenda was organized in January/February 2004, for the African region, in Mauritius, focusing on WTO trade negotiations, in particular, negotiations on agriculture. In July 2004, UNCTAD organized a similar course in Prague for Eastern Europe countries, and countries with economies in transition, with a focus on the topics of accession to the WTO and the interface between regional integration agreements and multilateral trade agreements.

¹⁹ 18-20 February 2004, for 22 participants from Latin-American countries.

²⁰ 21-23 June 2004 for 33 “real” participants and 75 virtual participants (by webcast) from Argentina, other Brazilian locations, Jordan and Pakistan.

²¹ 11-13 August 2004, for some 50 participants from the Central American region.

²² <http://www.unctad.org/dispute>.

²³ Botswana, Ghana, Kenya, Malawi, Mozambique, Uganda, United Republic of Tanzania, and Zambia

22. Three commercial diplomacy training modules have been developed or updated on different topics on the international trade agenda namely sanitary and phytosanitary measures, anti-dumping, and trade in textiles and clothing in the post ATC environment. Training modules and materials on GSP utilization, and rules of origin requirements were also prepared. Under JITAP, the Branch developed and completed a toolkit on “Institutional capacity building: Trade Negotiations, Implementation and Policies”. The toolkit is a roadmap for use by countries to help them in building and strengthening the necessary institutional capacities to manage their integration, in a beneficial manner, into the multilateral trading system including effective participation in trade negotiations.²⁴ Other training materials, such as power point presentations, background papers, and distance-learning materials have been developed and provided to the representatives of governments, private sector, training institutions, and civil society in developing countries, during the training sessions.

23. The Branch participated in the recent development, by UNCTAD, of a pilot strategy integrating new distance learning techniques in its regular training courses. This has become an important element in capacity-building programmes, and it has been used as a complementary tool in training seminars. UNCTAD has incorporated the distance-learning dimension in the training of trade negotiators and institutional capacity of developing countries in trade negotiations. Using this modality, a regional course was developed for three Asian countries (Vietnam, Laos and Cambodia) and four African countries (Benin, Guinea, Mali, and Togo) for trade officials involved in the WTO negotiations on trade in services. The distance-learning phase was complemented by a face-to-face seminar where the participants exchanged experiences.

24. Regarding country specific programmes, the Democratic Republic of Congo was supported in reviewing the trade policies and legislation that would need to be adapted to respond to the WTO system of rights and obligations. Under JITAP, the 16 beneficiary African countries were supported in organizing national meetings of inter-institutional committees in assessing the implications of the WTO July Package and preparing for the expected detailed negotiations. Specialized support was provided to Bangladesh, under an EC-supported project, in building national institutional capacity in training national trade officials from the newly established WTO focal point within the Ministry of Commerce. These included national workshops and training on multilateral trade negotiations focusing on the Doha round; trade negotiations and trade policy formulation; dispute settlement; rules of origin; non-agricultural market access; and ITC/UNCTAD trade tools and databases. The focal point was also provided with IT-equipment. Support was also provided to the Bangladesh Enterprise Institute and the Centre for Policy Dialogue in carrying out several research papers on issues in the international trade and trade negotiations agenda of interest to Bangladesh.

25. Within the framework of a project with the Ministry of Commerce and Industry of India, the UK Department for International Development (DFID), and UNCTAD, the Division provided focused assistance to trade negotiators, policy makers and other stakeholders in India in identification and awareness raising about the development dimension of key trade issues, particularly as they related to the current WTO negotiations.²⁵

²⁴ The toolkit was disseminated to JITAP countries at two sub-regional seminars, namely in Lusaka (Zambia) in April for Anglophone countries and in Dakar (Senegal) in May for Francophone countries.

²⁵ For details, consult the project website on <http://www.unctadindia.org/>

(7) Cooperation with other organizations

26. In the delivery of different outputs, and as and where appropriate, the Branch cooperates closely with other UN organizations including UNDP and ITC, UN regional commissions, specialized agencies, and regional organizations, academic institutions, civil society organizations and the private sector. Cooperation between UNCTAD and WTO in the area of capacity-building and technical assistance has been taking place on the basis of the Memorandum of Understanding signed in 2003 between the two organizations, or through cooperative arrangements for a number of technical assistance projects such as the JITAP programme.

B: Assessment and lessons learnt

27. Developing countries are becoming highly active in WTO negotiations, and awareness of multilateral trade issues in developing countries, especially in the trade policy community, has increased substantially. There has been a marked increase in developing countries' engagement in negotiations and complex trade issues and in articulating their priorities and concerns. This is important in terms of ensuring ownership and leadership in the process of negotiations, and in forming effective coalitions with other developing countries for negotiations on common interests in the WTO. This result is related to some extent to the assistance developing countries have received from UNCTAD. In 2004, the Branch successfully organized 65 events, which is in line with the targeted objective contained in the programme budget (80 events for the 2004-2005 period). The quality, usefulness and timeliness of research and analysis that is directly relevant to multilateral trade negotiations, as assessed by participants in meetings is reflected by the high rate of ratings as "excellent" and "good".

28. Specifically, the Branch assisted developing countries in developing capacities to address trade and development interests within trade negotiations in the WTO, and at the sub-regional and interregional levels, to build up the understanding of the trade laws and regulations governing market access conditions in the international trading system. The advisory and technical assistance activities respond to the specific needs of developing countries, including LDCs, African countries and countries with special developmental needs, utilizing extra-budgetary resources. Assistance has been provided to developing countries, both in their capitals/regions and in Geneva. For example, in respect of negotiations in trade in services, assistance to developing countries in the request/offer process, and in rule-making negotiations, is an ongoing activity. Work undertaken in assisting developing countries in this area has contributed to the current negotiating process.²⁶

²⁶ Comunicación from Bolivia, Barbados, Colombia, Cuba, Ecuador, Nicaragua, Perú and Trinidad and Tobago. *Implementation of Paragraph 15 of the Guidelines and Procedures for the Negotiations on Trade in Services (S/L/93)*. TN/S/W/7 28 October 2002. This proposal was also endorsed by Honduras, Guatemala and the Dominican Republic at the Special Session Meeting held on December 5, 2002, Communication from Zambia on behalf of the Least-Developed Country Members; *Modalities for the Special Treatment for Least-Developed Country Members in the Negotiations on Trade in Services*. Communication from Argentina, Bolivia, Chile, The Peoples Republic of China, Colombia, Dominican republic, Egypt, Guatemala, India, Mexico, Pakistan, Peru, Philippines and Thailand: Proposed Liberalization of Mode 4 Under GATS Negotiations, TN/S/W/14, 3 July 2003.

29. UNCTAD's assistance to countries in the process of accession to the WTO have been appreciated by the applicant countries, including by Cambodia and Nepal, both of whom acceded to the WTO at the Fifth Ministerial Conference in Cancún, to become the only two LDCs to accede to the WTO since its establishment in 1995.

30. So UNCTAD continues to make a positive and constructive contribution to the effective integration of developing countries, especially LDCs and those with special developmental needs, into the international trading system. It is instrumental in assisting and developing trade and trade-related human, institutional and regulatory capacities individual countries and regional groupings including LDCs', Arab countries, African countries, Latin America and Caribbean countries, and countries with economies in transition. These constructive contributions of UNCTAD to international trade and trade negotiations have been appreciated by countries and development organizations.

31. UNCTAD's consensus building activities play an important supportive role in enhancing the development dimension of international trade, the international trading system and trade negotiations. The intergovernmental deliberations on the Doha work programme in the consensus building framework of the Trade and Development Board, the Commission on International Trade in Goods and services, and Commodities, and UNCTAD XI have helped clarified different country objectives and facilitated a meeting of minds on key issues of trade and trade negotiations, development and poverty eradication. Members underscored the usefulness of the Board's annual review of developments in the post-Doha Work Programme of particular concern to developing countries, as it provides a unique opportunity for governments to discuss issues outside of a formal negotiating setting,²⁷ and in advancing the development dimension.

32. Capacity building is a medium to long-term process and support to negotiations requires immediate and extensive assistance. Also, notwithstanding the perceptible improvement in developing countries participation in international trade negotiations, human and institutional capacities for trade negotiations and trade policy formulation and implementation can benefit from UNCTAD and other institutions' support. Thus, the provision of adequate and regular financial assistance by donors to UNCTAD's technical cooperation projects on international trade and trade negotiations on thematic, regional or interregional basis is a key element in enhancing UNCTAD's capacity to respond to and address the multiplying needs and requests from developing countries.

III: TRADE ANALYSIS BRANCH

<i>Increased awareness of factors underlying developments in international trade and of the impact of trade policies and increased capacity to implement trade policy tools that make development policies more effective. (Expected accomplishment (b) of the subprogramme) (Table 12.15 in document A/58/6(Sect.12))</i>
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A: Major output and activities

(1) UNCTAD XI

33. The following were among the main activities by the Branch for UNCTAD XI:

²⁷ See, for example, summary by the President of the Trade and Development Board (TD/B/51/L.8).

- a) Organization, during the Rio Trade Week, of a forum on export competitiveness and developing country participation in dynamic and new sectors of international trade, based on the Branch's background paper.²⁸ The key outcomes are discussed in Box 2.

Box 2. Policy issues related to export competitiveness and developing country participation in dynamic and new sectors of international trade

Three key aspects of policy were considered relevant in the context of export competitiveness: how to lift supply capacity, how to obtain greater diversification and value added, and market access/market-entry conditions. These were influenced by both internal and external factors, whose relative significance varies among countries and sectors. The importance of four policy thrusts were underlined: creating a good investment climate and attracting development-oriented FDI; building supply capacity and competitiveness through sound and supportive macro, sectoral and enterprise-level policies; merging public and private objectives within a general development-deepening oriented framework by increasing genuine collaboration between the spheres; and effectively managing integration with the global economy. An important lesson of the successful experiences is that developing countries themselves need to take the initiative to make the appropriate strategic policy choices, based on a realistic assessment of the actual and potential comparative advantage of each country, not only in each sector but also in the entire value chain. Also, current WTO negotiations provided an important opportunity to address a number of key market access issues relevant for developing countries' participation in dynamic and new sectors. For example, the future performance of Embraer would depend critically on fair competition in international markets based on prices, quality of products and after-sale services, as opposed to continued provision of export financing support by other major countries with an aeronautics industry to their companies, or their continuation of tariffs barriers. In this regard, the WTO had an important role to play. South-South trade, and regional economic arrangements could also provide a supportive environment for entering these sectors. One example was the Wood and Furniture Production Chain Competitiveness Forum, which involved all MERCOSUR members in a collaborative effort aimed at improving competitiveness, a balanced distribution of value added and improved complementarities in regional productive sectors.

- b) Serviced the UNCTAD XI High-level Segment on New Trade Geography during which several Heads of State and Government examined the phenomenon, based on a background note²⁹ prepared by the Branch. They drew attention, *inter alia*, to the following: (a) the new trade geography not only brings commercial gains, but also enhances solidarity and equity among countries; (b) there is increased potential for beneficial cooperation among developing countries, based on fair rules and solidarity, including special treatment for the weaker among them; and (c) increased South-South trade is a complement rather than a substitute to North-South trade.
- c) Serviced the UNCTAD XI interactive thematic session on "policy options and strategies to support developing countries' competitiveness in the most dynamic sectors of international trade", based on a background note provided by the Branch.³⁰ The debate focused on how to better capture the development gains from trade by strengthening competitive production and export supply capacity of developing countries, improving market access and entry conditions in main markets of developing countries, and enhancing participation of developing countries in dynamic and new sectors of world trade. A common view emerged that market access and entry are a necessary but not sufficient conditions for developing countries to reap gains from trade. Assuring such gains also depends

²⁸Export performance and its determinants: supply and demand constraints (UNCTAD/ITCD/TAB/27).

²⁹ TD/404.

³⁰ TD/396.

on a range of external and domestic factors that affect participation of developing countries in world trade.

(2) Trade and Development Board

34. At the 51st session of the Trade and Development Board, support was provided to the deliberations on “Follow-up to UNCTAD XI: New developments in international economic relations” at the High-level Segment, based on two background notes provided by the Secretariat.³¹ It deliberated further on the new trade geography in which the South was playing a growing and more prominent role in both North-South and South-South trade and investment relations, against the background of major transformations taking place in the world economy and international economic relations. A number of other issues, including development solidarity, national policy space and corporate responsibility were also taken up. The President's summary³² of the deliberations noted that the trend towards a new trade geography was a welcome phenomenon and ushered in a sense of optimism as regards the performance of developing countries in world trade, but it was necessary to exercise due caution since many developing countries, particularly African countries, LDCs and small developing economies, appeared not to contribute significantly to this positive trend and some even were losing market share. The importance and practical value of UNCTAD's substantive work in analysing and interpreting the evolving new trade geography from a development standpoint was emphasized.

(3) Documentation/Publications

35. The Branch supervised the preparation of the following documents:

I. UNCTAD Study Series on Policy Issues in International Trade and Commodities (2004):

- (1) *Agriculture, Trade Reform and Poverty Reduction: Implications for Sub-Saharan Africa* (UNCTAD/ITCD/TAB/24), by Kym Anderson, University of Adelaide, Australia. This study explores the poverty implications of the current post-Doha multilateral trade reform agenda of the WTO for developing countries, so those benefits can be weighed against perceived adjustment costs.
- (2) *Shifting Sands: Searching for a Compromise in the WTO Negotiations on Agriculture* (UNCTAD/ITCD/TAB/23), by Ralf Peters and David Vanzetti. The study examines issues in the negotiations on agriculture and efforts to find a solution at Cancún which failed.
- (3) *User Manual and Handbook on Agricultural Trade Policy Simulation Model (ATPSM)* (UNCTAD/ITCD/TAB/25), by Ralf Peters and David Vanzetti. The ATPSM is designed for detailed analysis of agricultural trade policy issues. It can be used as a tool by researchers and negotiators alike for quantifying the economic effects at the global and regional level of recent changes in national trade policies. It is a deterministic, partial equilibrium, comparative static model covering 161 countries and 35 agricultural commodities (see Box 3).

³¹ TD/404 and TD/B/51/6.

³² TD/B/51/1.7.

- (4) *Export Performance and its Determinants: Supply and Demand Constraints* (UNCTAD/ITCD/TAB/27), by Marco Fugazza. Using quantile regression techniques, this study investigates the contribution towards the performance of the external sector of linkages to international markets relative to internal supply-side conditions.

II. Other publications by the staff of the Branch include:

- (1) *Southern Discomfort: Agricultural Policies, Trade and Poverty*, by Sam Laird, Ralf Peters and David Vanzetti. CREDIT Research Paper No. 04/02.
- (2) *Trick or Treat? Development Opportunities and Challenges in the WTO Negotiations on Industrial Tariffs*, by Santiago Fernandez de Cordoba, Sam Laird and David Vanzetti. CREDIT Research Paper No. 04/03.
- (3) *Blend it Like Beckham – Trying to Read the Ball in the WTO Negotiations on Industrial Tariffs* by Santiago Fernandez de Cordoba, Sam Laird and David Vanzetti. CREDIT Research Paper No. 04/04.
- (4) *Advisory services, technical assistance and capacity building*

36. The *Agricultural Trade Policy Simulation Model* (ATPSM) was initially developed by the Branch in response to the need for developing countries to be able to undertake analysis of agricultural impacts of any negotiated outcomes from the Uruguay Round. Box 3 describes its objectives and features. The importance of such analysis has increased in view of the negotiations under the Doha Work Programme. In 2004 the UK DFID provided further funding for model development and dissemination of ATPSM.

Box 3. ATPSM: Objectives and Features

ATPSM is a comprehensive database and simulation-modelling software intended for use by agricultural trade policymakers who may not have knowledge of economics, modelling or programming. The model is available on CD-ROM and can be downloaded from UNCTAD's website. The model is distributed for free from UNCTAD's website at www.unctad.org/tab. It is self-installing, easy to use and largely self-explanatory. The objective in developing and disseminating this software is to increase the capacity of developing countries to effectively negotiate in the ongoing multilateral trade talks. ATPSM has the following features: it is distributed free to developing countries and others; it has detailed country coverage, including 161 countries plus the European Union as a region; it has detailed commodity coverage, with 36 commodities including many tropical items; and it has detailed policy coverage, including tariff rate quotas, export subsidies, domestic support, applied and bound tariffs and quotas rents.

37. ATPSM is now available from UNCTAD's website. In the year 2004 there were 816 downloads. There is evidence of increasing use in developing countries. The Branch has been invited to demonstrate the model and model results at various regional meetings in places as diverse as Addis Ababa, Jakarta, Nairobi, Santiago, Lima and Bogotá in addition to Geneva. UNCTAD has also used the model for analysis. Several papers illustrating applications of the model have been distributed to developing countries. WTO agricultural negotiations have recently focused on a blended formula that is much more difficult to model than the previous linear approaches. The Branch is undertaking improvements to the interface to enable these complex scenarios to be analyzed.

38. Following a decision by the Trade and Development Board calling on the UNCTAD Secretariat to provide, on request, information from its Database on Trade Control Measures under its own responsibility,³³ UNCTAD developed the *Trade Analysis and Information System* (TRAINS) and is disseminating it through Internet and CD-ROM. Box 4 describes its objectives and features. A subsystem (TRAINS for the Americas) has been developed in collaboration with the Inter-American Development Bank for extension of the database with information on bilateral preferential trade agreements, as well as extended coverage of the non-tariff measures.

Box 4. TRAINS: Objectives and Features

TRAINS is an information system intended to increase transparency in international trading conditions. It is intended more specifically to provide a comprehensive information system for use by policy makers and economic operators engaged in exporting. It is also a powerful tool that can be used in trade negotiations and for general research on international trade. One component of the system relates to the Generalized System of Preferences (GSP) in that it includes information on tariffs, preferential margins, rules of origin and other regulations affecting the export interests of developing countries vis-à-vis the preference-giving countries. The data elements contained in TRAINS can be compared to a specialized library containing books on trade-related topics. It currently contains 153 volumes of tariff schedules, 50 of which are for 2004 and 72 for 2003; 52 volumes with para-tariff measures; 95 publications on non-tariff measures, produced by UNCTAD; and 70 volumes on detailed import statistics at tariff line level by origin. In addition, the new software jointly developed with the World Bank (World Integrated Trade Solution – WITS), now allows users to access the entire time series of the Database through the Internet.

39. For dissemination purposes, UNCTAD has invited member States and sub-regional institutions to designate TRAINS focal points which, in addition to being supplied with updated information on trade control measures, serve as a channel through which UNCTAD obtains recent information on countries or regions, particularly computerized information on tariffs and trade, as well as documentation on para-tariff and non-tariff measures. Among the regional secretariats actively collaborating with UNCTAD are those of the Latin American Integration Association (ALADI), the South Asian Association for Regional Cooperation (SAARC), the Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA), the Central African Economic and Monetary Community (CEMAC) and the South African Development Community (SADC). TRAINS is available to other parties that make a minimum contribution to the UNCTAD trust fund created for this purpose.

40. TRAINS has contributed data for the calculation of MDGs indicators on Market Access.³⁴ The widespread use of TRAINS, particularly in the publications of such organizations as the OECD, the World Bank and the IMF, as well as UNCTAD itself, attests to the recognition of its usefulness. In addition, the Database serves as the primary source of data for other databases such as the Agricultural Market Access Database (AMAD), which in turn is often referenced as an information source in many publications on trade in agricultures. That a number of universities and private organizations have made voluntary contributions to the TRAINS trust fund is a good indication of the value of the system. Requests for the TRAINS have also come from government ministries and international organizations engaged in trade negotiations under WTO as well as the Free Trade Area of the Americas (FTAA).

³³ Decision 354, taken at the thirty-fourth session of the Board.

³⁴ Namely Indicator 38 (Proportion of total developed country imports from developing countries and least developed countries, admitted free of duty) and Indicator 39 (Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries).

41. At the beginning of 2004, UNCTAD, WTO and ITC together decided to create a Common Analytical Market Access Database (CAMAD), putting together all data sources collected or received by each Organization, thereby creating the most comprehensive market access database in the world. At the technical level, as of mid-December 2004, the database is near completion of its first stage of putting together data for the latest five-year periods.³⁵

42. In 2004, the Branch launched a project, with UK DFID financing, on *Supporting Developing Countries' Assessment of the Non-Agricultural Market Access Negotiations*. It aims to assist WTO trade negotiators, policy makers, the business community, and the civil society in the beneficiary countries through research and technical assistance to better assess the possible implications of the non-agricultural market access (NAMA) negotiations. A WTO agreement on NAMA has the potential of contributing to the further development and strengthening of non-agricultural sectors in developing countries. This will depend on a number of factors, particularly the extent to which the agreement: (a) offers real market access; (b) is tailored to take account of economic circumstances in poor countries; and (c) is complemented by domestic reforms in those countries. The project focuses on deepening the understanding of the issues involved in NAMA negotiations, including possible sectoral adjustment problems, revenue implications and preference erosion. It also highlights potential opportunities and benefits from NAMA such as increased market access for developing countries. The project explores the range of options that needs to be considered to cope with challenges and capitalize on opportunities in the context of coherent trade policy at the national and international levels, identifying and suggesting possible options to safeguard developing country interests and ensuring that the development dimension is fully addressed.

43. In addition, the Branch has assisted developing countries in analyzing welfare impact of various negotiating proposals on industrial tariffs - tariff data of 89 developing countries were taken into account, of which 21 were LDCs. Further, country studies on NAMA included 8 countries, of which 7 are developing countries (3 of them being LDCs) and 1 country with economy in transition.

44. The direct beneficiaries of the project include policy makers, trade officials and negotiators in capitals in all regions as well as local universities, think tanks, and other research institutions (as participants in the policy analysis workshops and the intensive training courses) and delegates to the WTO and UNCTAD (as participants in Geneva and field policy analysis seminars and training workshops). The Branch has also been carrying out extensive analysis of the WTO non-agricultural market access negotiations, and has prepared a number of papers and presentations for conferences and briefing in Geneva and capitals. Some of the papers were mentioned previously.

(5) Cooperation with other organizations

45. The Branch has continued its extensive cooperation with several multilateral organizations, in particular with the World Bank, WTO, DESA, ITC and UN Regional Commissions. It has been following closely the work of several WTO bodies as well as providing inputs to them. Cooperation with the WTO as well as with ITC has also

³⁵ However, due to dissemination rule on WTO data, access for this database is limited to those already having access to WTO databases, i.e. WTO member governments and selected International Organizations.

extended to the organization of Geneva-based and regional seminars in preparation for trade negotiations and on multilateral and regional issues in general. The Branch is collaborating with DESA, particularly through the provision of analytical inputs to:

the Secretary-General's reports to the UN General Assembly on Financing for Development; and
the UNCTAD-DESA joint annual publication "World Economic and Social Prospects".

46. With World Bank, the Branch's collaboration relates, among other things, to the WITS and sharing information on ongoing research and analysis. The Branch has also begun establishing closer contacts with the NGO community (TWN, South Centre, Oxfam and some others), but this can be further developed. Such collaboration is also useful in ascertaining priorities for research in the developing countries and in obtaining ideas and material for research at UNCTAD.

B: Assessment and lessons learnt

47. The key results from the work of the Branch is to strengthen analytical, statistical and information base of developing countries on trade and trade-related issues at the national, regional and international levels and their improved understanding and capacity to analyse, formulate and implement appropriate trade policies and strategies. The outputs of the Branch have continued to be used as inputs for intergovernmental deliberations and consensus building; for the provision of technical advice by other programmes of the Division in technical cooperation activities; and they have been extensively disseminated to the public at large and used by Governments, the academic community, research institutions and the private sector.

48. This Branch is on course to meet the twin indicators of achievements namely, the number of hits on the TRAINS website (30,000 per month) and usage of research and analysis by end-users (120). In addition to responding to requests for the publications, the studies are disseminated through various channels: first, throughout the UN system, including through UNDP country office libraries; second, Government officials receiving studies when advice is provided by UNCTAD officials and through technical missions; third, through the Permanent Missions in Geneva; and finally, UNCTAD's staff are often invited to universities and research centres to present their findings.

49. In that sense, the target for use of publications is routinely exceeded. There has been an increasing number of requests for national/regional seminars as well as briefings in Geneva for individual countries and sub-groups as well as cross-regional groups of developing countries that have looked to UNCTAD's work on agriculture and non-agricultural market access in particular to help inform them of the implications of WTO trade negotiations. In response, training workshops were provided in Geneva and in several developing countries.

50. The TRAINS database has acquired increased use as a tool to trade negotiators and policy makers for trade policy formulation and trade negotiations, as well as to international organizations and academic and research institutions. Over 1,000 new licenses were issued to access TRAINS through Internet during the course of 2004. Responses have been provided to more than 50 external requests for tailor-made tabulations received from delegations in Geneva, Government ministries, international

and regional organizations, and research institutions and the academics. Among the users of the TRAINS data are the Agricultural Market Access database (AMAD), an interagency cooperative effort widely used by agricultural economists and policy-makers and the project on NAMA sponsored by the UK and executed by UNCTAD. The TRAINS database operated by WITS was presented to more than 50 delegations in Geneva and at various seminars and workshops.

51. ATPSM was further improved and its applicability extended. A wider range of research questions and tariff reduction formulas can be analysed. More than 400 CD versions were distributed since its release and the possibility to download the model with full description from the Branch's website has been used more extensively. Applications using ATPSM have been published in various UN publications (for example, Trade and Gender, UNCTAD Policy Issues in International Trade and Commodities Study Series), the CREDIT Research Paper series and a Commonwealth publication. Papers using the model have been presented at the European Trade Study Group meeting in Nottingham, the German Economic Association meeting, a ECA conference in Tunis, the International Food and Agricultural Trade Policy Council meeting in Johannesburg, the International Lawyers and Economists Against Poverty workshop in Nairobi, the SATRN workshop on issues in international trade workshop in Pretoria, the FAO and at the Economic Research Service at the USDA. Researchers in many countries including in Austria, Argentina, Australia, Botswana, Canada, Germany, Turkey and Zambia have used the model. Training seminars were given for all UN regional commissions, for country experts from Bangladesh, Ethiopia and Sudan, at the Trinity College Dublin, at a Seminar for African Anglophone Diplomats in Cairo, at an UNCTAD Paragraph 166 training course for African trade experts and at a European Commission training seminar for developing countries in Maastricht.

52. The Trade Analysis Branch's analytical work in new areas, such as participation of developing countries in dynamic and new sectors of international trade, trade and development benchmarks, emerging new trade geography and adjustment issues and costs arising from trade negotiations has attracted the attention of policymakers as reflected in the outcome of UNCTAD XI such as on sectoral trade reviews on dynamic and new sectors of international trade. This is a notable example of analytical work leading to intergovernmental decisions. Also, the Branch's research and analysis of development implications of various negotiating proposals of the Doha negotiations have been found useful by negotiators. This is an important example of symbiosis between analytical work and capacity building activities. As before, some of the outputs benefited from extensive inter-Branch cooperation and collaboration. This has helped developing countries to take a more informed position in the negotiations, putting forward their own proposals and evaluating the proposals of others. Furthermore, because of the research output and attempts to make this more widely known, UNCTAD has received an increasing number of invitations to participate at international conferences and collaborates with other agencies and institutions in the area of trade policy research, for example, World Bank, World Institute for Development Economics Research of the United Nations University, OECD, Department for International Development of the United Kingdom, and annual meetings of research institutions. Participation in such events has created additional workload and efforts have been made to absorb such additionality within existing resources.

53. Finally, in evaluating effectiveness of analytical work, it should be borne in mind that to the extent that research points to certain specific policy conclusions, in the area

of trade policy any shifts in policy or improvements in market access tend to take place over the medium to long term, rather than within biennium reporting periods. Hence, there is a need for an evaluation approach that goes beyond a biennial time-frame.

IV. COMMODITIES BRANCH

Strengthened capacity of developing countries to enhance the contribution of their commodity production and trade to sustainable development and economic diversification, to apply modern commodity price risk management and financial instruments and to promote greater participation in added-value chains. (Expected accomplishment (c) of the subprogramme) (Table 12.15 in document A/58/6(Sect.12))

A: Major output and activities

(1) UNCTAD XI

54. The Branch prepared and conducted four events linked to UNCTAD XI, namely:

- a) The Interactive Panel on Commodities, Poverty Alleviation and Sustainable Development (in cooperation with the Common Fund for Commodities);
- b) Tropical Timber Trade and Development Dialogue (in cooperation with the International Tropical Timber Organization);
- c) Conference on Managing Risks and Seizing Opportunities for Local Companies in the Oil and Gas Sector, held during the Rio Trade Week; and
- d) Meeting of Export-Import Banks and Development Finance Institutions, also held during the Rio Trade Week.

55. In addition, the Branch published an 80-page booklet on “Corporate responsibility for development: the extractive industries angle,” for UNCTAD XI. It also launched the Commodity Atlas,³⁶ a publication funded by the Common Fund for Commodities, which presents some basic facts on commodity production and trade in an easily accessible form to Governments, industry, the media, civil society and public at large. The Atlas complements the detailed statistical information produced by UNCTAD as a useful analytical tool.

56. The Branch undertook the preparations on the International Task Force on Commodities, which was launched by UNCTAD XI as one of its partnerships. It prepared the initial proposal and carried out consultations with major stakeholders prior to the conference so that the Task Force could be launched.

(2) Commission on International Trade in Goods and Services, and Commodities

57. The Branch provided substantive support to the 8th session of the Commission on Trade in Goods and Services, and Commodities, particularly regarding its examination of market entry and market access conditions in importing countries, as well as distribution networks that inhibit developing countries from responding to new

³⁶ UNCTAD/DITC/COM/2004/1.

opportunities for trade arising from global trade negotiations and agreements, and impeding their diversification and commodity development efforts. It organized and serviced the Expert Meeting on Financing Commodity-Based Trade and Development: Innovative Financing Mechanisms,³⁷ which considered recent experiences and trends in financing along the commodity supply chain and innovative public-private financing schemes and ideas, including for commodity-based development and diversification, presented by UNCTAD in this regard.

(3) Documentation/Publications

58. The Branch prepared a series of documents containing policy analyses, information and data on commodity issues, trends and data. These included the following:

- a) UN Secretary General's report on "World commodity trends and prospects"³⁸ for the 59th session of the UN General Assembly.
- b) Financing commodity-based trade and development: innovative agriculture financing mechanisms.
- c) Chapter on Commodities for the publication "Beyond Conventional Wisdom in Development Policy: An Intellectual History of UNCTAD 1964-2004".³⁹
- d) Contribution to World Economic and Social Survey and World Economic Situation and Prospects.
- e) Five training modules on managing mineral wealth, published in cooperation with ECA, to be used in future training activities.
- f) A set of five training modules on managing mineral wealth (in Spanish), was published and distributed by ECLAC for the local authorities in Latin America.
- g) Advisory and training materials on modern oil price-related budgetary risks management, as well as on the ways of increasing local producers' shares in the value-added of the oil and gas sector.
- h) Market intelligence and analysis through reports containing basic commodity information and statistics:
 - ✓ Handbook of World Mineral Trade Statistics, 1996-2001 (April 2004).⁴⁰
 - ✓ The Iron Ore Market 2003-2005 (May 2004).⁴¹
 - ✓ Iron Ore Statistics 2004 (October 2004).⁴²
- i) Analytical study on the "Effects of the "Everything but Arms initiative on the sugar industries of the least developed countries".⁴³

³⁷ Geneva, 16-17 November 2004.

³⁸ A/59/304.

³⁹ UNCTAD/EDM/2004/4.

⁴⁰ UNCTAD/DITC/COM/2004/2.

⁴¹ UNCTAD/DITC/COM/2004/3.

⁴² UNCTAD/DITC/COM/2004/5.

⁴³ UNCTAD/DITC/COM/2004/6.

- j) Several lecture notes and powerpoint presentations covering issues such as commodity policies, participation in value chains, diversification of the commodity sector, innovative financial mechanisms and risk management.

(4) *Advisory services, technical assistance and capacity building*

59. The Branch implements the following projects and related technical assistance and capacity building activities relating to commodities and development:

- a) The implementation of the Project on Diversification and Commodity-based Development continued. In this context, a regional workshop on the "Development of Senile Coconut Palmwood into High Quality, Value-Added Export Products from Selected Pacific Island Countries" (Fiji) was organized. The papers by experts and the summary of discussion and recommendations are available on UNCTAD's Commodities website.
- b) Under a Project on Capacity Building and Policy Networking for Sustainable Resource-based Development, two workshops for local authorities in mining areas were organized in Peru and in Indonesia.
- c) Continued implementation of the UNCTAD/Migros project on the Total Quality Management with the help of helping diversification and increased participation in supply chains by commodity-dependent countries, in particular LDCs.
- d) Continuation of the work on improving market transparency and knowledge management, primarily through the electronic portal Infocomm.⁴⁴
- e) Continuation of work on the Project of Capacity Building and Policy Networking for Sustainable Resource-based Development.
- f) Integration of a value chain approach into JITAP. This is a crucial addition to JITAP and brings into the implementation of the project the identification and exploitation of optimal diversification opportunities in commodity-dependent African countries.
- g) Contributed a detailed module on commodities to Paragraph 166 training course in Asia.
- h) Training materials on innovative financing techniques in commodities.
- i) Assisted the launching of a commodity exchange in India.
- j) Provided substantive contribution to the Regional Workshop on International Trade in Agricultural Produce (Moldova) aim, *inter alia*, at improving agricultural trade opportunities and diversification of their agricultural sector.
- k) Organization and servicing of the 8th African Oil & Gas Trade and Finance Conference (Marrakech, Morocco).

⁴⁴ www.unctad.org/infocomm.

- l) Implementing, in cooperation with the International Institute for Sustainable Development of Canada, a multi-stakeholder initiative that aims to improve economic and environmental sustainability of the coffee sector. This initiative has helped in raising the profile of sustainability issue in the coffee sector, including at the International Coffee Organization.
- m) Implementing, in cooperation with the International Cotton Advisory Committee and the Common Fund for Commodities, a project on improving the sustainability of a cotton sector in West Africa.
- n) Participation and substantive presentations at different workshops and meetings organized by other organizations, civil society and academic institutions.

(5) Cooperation with other organizations

60. The Branch has continued its extensive cooperation with several multilateral organizations, in particular with FAO, Common Fund for Commodities, the World Bank, WTO, DESA, ITC and UN Regional Commissions. It also cooperates with international commodity organizations. Its cooperation with the private sector covers a wide variety of commodity-related issues and includes the financing of events. Given that the civil society has recently become deeply involved in commodity-related activities, UNCTAD's cooperation with them has been enhanced.

B: Assessment and lessons learnt

61. All activities held for UNCTAD XI generated wide interest of the delegates and observers. Over 400 delegates attended them. The presentations made at the Interactive Panel on Commodities, Poverty Alleviation and Sustainable Development made a considerable qualitative input to the work on links between poverty alleviation and trade in commodities. This is a crucial topic not only for commodity-dependent countries, most of which are LDCs, but also for the poverty-stricken commodity-based areas where poverty prevails in many developing countries. Government officials, decision makers in developing countries and researchers, generally evaluated the Commodity Atlas as a timely publication that presents key facts on commodity production and trade in an easily accessible form, complementing the detailed statistical information produced by UNCTAD and serving as a useful analytical tool.

62. In the area of knowledge management and market transparency, the electronic portal Infocomm, with its quantitative and qualitative commodity information, a central element of it, has reached a level of 110,000 sessions and over 4 million hits by outside users per month, accounting for half of UNCTAD's total net-based information. The portal now covers 30 different commodities and is expected to cover 10 more soon. A pilot phase started on cocoa sector information in Cameroon which is meant to collect data in the field and to allow identified entities, and especially the National Cocoa and Coffee Board, to manage this information and use Infocomm as a tool to publish it nationally or internationally.

63. With respect to diversification, UNCTAD has in recent years emphasized the importance of eliminating supply side constraints and facilitating market entry (for instance, meeting quality requirements) for developing countries' commodity exports. Actions in both of these areas are crucial to improving the competitiveness of producers

and exporters in developing countries and are a recurring theme in UNCTAD's analytical, consensus building and technical cooperation work on commodities. Another strong element has been reliance on networks and multi-stakeholder cooperation. The relevance and validity of this approach has now been recognized and has resulted in increased desire on the part of developing country governments, donors and other international institutions to cooperate with UNCTAD on commodity issues. Hence, these themes are also reflected more concretely in technical cooperation projects.

64. Three examples deserve to be mentioned in this context. The Workshop in Fiji under the Project on Diversification and Commodity-based Development improved the ability of Pacific Island countries to design effective supply responses and identify new applications for coconut products, thereby enhancing competitiveness and increasing exports of these products. The Development Account Project on Capacity Building and Policy Networking for Sustainable Resource-based Development (which is close to being concluded) has resulted in a considerable improvement in access to information on best practices in the area of resource-based development in the two target regions, Africa and Latin America. Together with the learning materials produced under the project, this provides the basis for more effective capacity building and for better informed decision making by governments at all levels and industry, particularly concerning methods to utilize natural resource projects to drive diversification. The networks and learning materials will be used in follow-up technical cooperation projects. The UNCTAD/Migros project focuses on enabling small farmers of fruits and vegetables in African LDCs to meet the requirements of export markets through cooperation with importers and retailers in one developed country. Thus it provides a crucial window of opportunity for diversification and commodity-based development. The project, which will serve as a model for other, similar efforts, has so far resulted in enabling producers of mangoes in Ghana and Mozambique to meet the requirements of the Swiss market.

65. In the area of commodity risk management and finance, the commodity exchange launched in India with UNCTAD's substantive assistance, was reaching a peak daily turnover of more than US\$ 800 million. Assistance is being provided on opening of a similar commodity exchange in Africa under the African Union as one of the pillars of economic integration. The 8th African Oil & Gas Trade and Finance Conference assembled more than 650 participants. In-depth advice and training was provided to one of Asia's major natural gas companies (GAIL (India) Ltd.) on how to improve its financial management by incorporating risk analysis and management in its strategy; and how, in terms of internal organization, such a new strategy can be implemented. Two training sessions on innovative financing techniques in commodities to groups of African bankers were given. The banks concerned are now introducing these techniques and have requested UNCTAD to provide similar training to local banks. Demand-driven advice on the creation of a major new collateral management company in India was provided; this company became operational towards the end of 2004.

66. A major challenge UNCTAD is addressing is to improve the competitiveness of commodity dependent developing countries in world markets, particularly by assisting in removing supply-side obstacles and facilitating market entry and thereby translate identified comparative advantages into competitive advantages. Given that the LDCs are the most commodity-dependent countries and find themselves in a poverty-trap caused by this dependence, these countries are the main beneficiaries of this approach adopted by UNCTAD. UNCTAD's contribution to this process is its ability to bring

together governments, the enterprise sector and civil society and secure their commitment to a joint process of transforming the commodity sector. The most important lesson learned is the recognition of how communication gaps between governments and the private sector and among private sector enterprises can undermine the efficacy of policy initiatives. Accordingly, UNCTAD is increasingly emphasizing dialogue among stakeholders as an instrument of identifying underlying reasons for lack of competitiveness and for devising solutions and is consistently including both public and private sector participants in its activities.

V. COMPETITION AND CONSUMER POLICIES BRANCH

Increased understanding of developing countries and countries with economies in transition for dealing with competition and consumer protection issues, with due attention also to gender dimension. (Expected accomplishment (d) of the subprogramme) (Table 12.15 in document A/58/6(Sect.12))

A: Major output and activities

(1) UNCTAD XI

67. The Branch prepared and conducted events linked to UNCTAD XI, including the preparatory seminar and the on-site event on the “Role of Competition in the Promotion of Competitiveness and Development: Experiences from Latin America, the Caribbean and other Regions.” These events provided an opportunity for an exchange of views between government officials involved in competition issues, international experts, representatives from regional and international institutions and civil society. They helped to position member States with regard to the role of competition policy in the promotion of competitiveness and development; the need for a development-oriented competition policy and its implications at the national, regional and international levels; and the strategies for international cooperation in competition law and policy.

(2) *Commission on Investment, Technology and Related Financial Issues, 8th Session, 26-30 January 2004, and other meetings*

68. The 8th session of the Commission was briefed on the results of the 5th session of the Intergovernmental Group of Experts (IGE) on Competition Law and Policy,⁴⁵ which met to discuss two major issues namely: (a) the interface between competition policy and industrial policy; and (b) the optimal design and implementation of competition law in developing countries, including the desirability of a phased approach. The experts also revised a number of reports submitted by the Secretariat and a progress report concerning a study on the roles of possible dispute mediation mechanisms and alternative arrangements, including voluntary peer reviews, in competition law and policy. Finally, the meeting considered an updated review of technical assistance and capacity-building in this field, including UNCTAD's work related to the post-Doha mandate in the field of competition policy, and gave guidance to the Secretariat on its technical cooperation programmes on competition law and policy. The meeting adopted agreed conclusions, in which it recommended to UNCTAD XI the continuation and strengthening of the important and useful work programme on competition law and policy within the UNCTAD Secretariat and the IGE on Competition Law and Policy. It

⁴⁵ 2 – 4 July 2003.

also took note with appreciation of UNCTAD's relevant work and particularly of the Final Consolidated Report on UNCTAD's regional meetings on the post-Doha mandate,⁴⁶ and invited the Secretariat to continue its efforts related to the implementation of the Doha Declaration. Finally, it agreed on a substantive work programme for UNCTAD in the field of competition law and policy.

69. The Branch prepared and serviced the 6th session of the Intergovernmental Group of Experts on Competition Law and Policy.⁴⁷ It discussed the strengths and weaknesses of peer review related to competition policy; cooperation and dispute mediation mechanisms in regional integration agreements related to competition law and policy; evidence gathering and cooperation issues in hard-core cartel investigations; advocacy in promoting awareness of competition policy in developing countries. It also reviewed UNCTAD's capacity-building and technical assistance on competition law and policy.

70. The Branch organized and serviced the *Ad Hoc* Meeting of Experts on Competition Peer Review: Peer Review⁴⁸ to facilitate cooperation, exchange of experiences and best practices.

(3) Advisory services, technical assistance and capacity building

71. The Branch implements a range of capacity building and technical cooperation activities to create a competition culture worldwide, in particular by assisting beneficiary countries, particularly LDCs, in the preparation, revision and implementation of competition legislation. The programme on competition law and policy provided assistance to countries in formulating or revising competition policies, contributing to a better understanding of the issues involved, and building national institutional capacity to enforce effective competition legislation. It also supported the effective participation of developing countries in WTO-related discussions as well as regional cooperation on competition issues. Details of all activities in this area are available at UNCTAD's competition and consumer policy website.⁴⁹

72. In 2004 UNCTAD continued to provide capacity-building and technical assistance on competition law and policy to developing countries and countries in transition. Technical assistance included the preparation, adoption, revision or implementation of national competition and consumer protection policies and legislation. This assistance, which was also delivered in the form of national seminars and workshops, was provided to Malawi, Lesotho, South Africa, United Republic of Tanzania, Laos, Cambodia, Vietnam, Bhutan, Zambia, Egypt, Republic of Korea, Peru, Brazil, Bolivia, Costa Rica, Nicaragua, El Salvador, Honduras, Guatemala, Kenya, Zimbabwe and Angola. The Branch is implementing second phase of the Technical Assistance Programme on Competition and Consumer Protection Policies for Latin America (COMPAL) supported by SECO (Switzerland). This three-year programme will provided focused assistance to Nicaragua, Costa Rica, El Salvador, Peru and Bolivia.

⁴⁶ Final Consolidated Report of Regional Capacity-Building Meetings Organized by UNCTAD on Competition Issues within the Framework of the Doha Mandate (UNCTAD/DITC/CLP/2003/1).

⁴⁷ 8 – 10 November 2004.

⁴⁸ 15 – 16 July 2004.

⁴⁹ www.unctad.org/en/subsites/cpolicy.

73. At the regional and sub-regional levels, together with assisting in the drafting of competition legislation to member States of the Common Market for Eastern and Southern Africa (COMESA) and in the implementation of the recently adopted legislation of the West African Economic and Monetary Union (UEMOA), UNCTAD also prepared a draft agreement for regional competition policy for member states of the South African Customs Union (SACU). At the request of 7 African countries – Kenya, Zambia, Malawi, Zimbabwe, Tanzania, Namibia and South Africa – UNCTAD held in Zambia a Seminar for judges and public prosecutors on the enforcement of competition law as well as a Training Course on investigation and evidence-gathering on competition cases. In cooperation with the World Bank and the EC, UNCTAD also organized a regional Conference on Competition, Competitiveness and Development in the United Republic of Tanzania.

(4) Documentation/Publications

74. The Branch prepared the following documentation:

- a) Preliminary Assessment of the Set.⁵⁰
- b) Ways in which Possible International Agreements on Competition might apply to Developing Countries, including through Preferential or Differential Treatment, with a View to Enabling these Countries to Introduce and Enforce Competition Law and Policy Consistent with their Level of Economic Development.⁵¹
- c) Recent Competition Cases.⁵²
- d) Review of Capacity-Building and Technical Assistance on Competition Law and Policy.⁵³
- e) Best Practices for Defining Respective Competences and Settling of Cases, which Involve Joint Action of Competition Authorities and Regulatory Bodies.⁵⁴
- f) Roles of Possible Dispute Mediation Mechanisms and alternative Arrangements, Including Voluntary Peer Reviews, in Competition Law and Policy.⁵⁵
- g) Handbook on Competition Legislation.⁵⁶
- h) Directory of Competition Authorities.⁵⁷
- i) Model Law on Competition – Substantive Possible Elements for a Competition Law, Commentaries and alternative Approaches in Existing Legislations.⁵⁸

⁵⁰ TD/B/COM.2/CLP/45.

⁵¹ TD/B/COM.2/CLP/46.

⁵² TD/B/COM.2/CLP/47.

⁵³ TD/B/COM.2/CLP/43.

⁵⁴ TD/B/COM.2/CLP/44.

⁵⁵ TD/B/COM.2/CLP/37/Rev.1.

⁵⁶ TD/B/COM.2/CLP/41.

⁵⁷ TD/B/COM.2/CLP/42.

⁵⁸ TD/RBP/CONF.5/7/Rev.2.

- j) Competition Policy for Development: UNCTAD Capacity-Building and Technical Assistance Programme.⁵⁹
- k) Competition, Competitiveness and Development: Lessons from Developing Countries.⁶⁰
- l) Multilateral Competition Policy and Economic Development.⁶¹
- m) Organisation des pays exportateurs de pétrole, concurrence et Organisation Mondiale du Commerce.⁶²

B: Assessment and lessons learnt

75. The São Paulo Consensus reconfirmed competition policy as important in the promotion of supply capacity, competitiveness for development, market access and market entry, as well as in ensuring the equity of, and development gains from, the trading system. UNCTAD's central and unique role in this field has been reconfirmed and its work programme reinforced, particularly to help ensure that anti-competitive practices do not impede or negate the realization of the benefits that should arise from liberalization in global markets, for developing countries and LDCs in particular.

76. The 6th session of the IGE held consultations and exchanges of views on a number of substantive issues in the area of competition law and policy, considered relevant documentation in this field, monitored UNCTAD's technical cooperation and capacity-building efforts and agreed on the work programme in the light of convening the 5th UN Review Conference in 2005. The results of these consultations are directly taken into account by individual member States when dealing with their competition policies and provide an important impact on their participation in international trade negotiations, particularly in bilateral and regional trade agreements, as reflected in the Agreed Conclusions unanimously adopted by the IGE and containing specific recommendations addressed to member States. These Agreed Conclusions also contain a list of further activities to be undertaken by UNCTAD within the frameworks of preparation of the 5th UN Review Conference. This confirms the success of the IGE sessions on competition law and policy and active support of member States for these meetings. The practical value and impact of policy recommendations and information in the area of competition law and policy and consumer protection as contained, in particular, in appropriate reports and publications, was endorsed by the fourth and sixth sessions of the IGE and assessed as having high quality by representatives of member States. Replies received to questionnaires show high appreciation of the documentation by participants in the meetings, as can be seen from the summaries of ratings, indicating an average of about 80 per cent of "essential" and "very useful" evaluations of documents and publications.

77. UNCTAD continued its activities, in response to demands, to assist in the creation of competition culture in individual developing and least-developed countries, transition economies, as well as regional and sub-regional integration groupings. Assistance in the form of conferences, seminars, workshops, training and advisory missions was provided

⁵⁹ UNCTAD/DITC/CLP/2004/2.

⁶⁰ UNCTAD/DITC/CLP/2004/1.

⁶¹ UNCTAD/DITC/CLP/2003/10.

⁶² UNCTAD/DITC/CLP/2003/11.

in assessing the adverse effects of anti-competitive practices on trade and development and in taking steps to adopt, reform and implement effectively competition laws and policies, including by advising on the drafting of domestic competition and consumer protection legislation or regional rules in this field, and on institution-building in respect of competition authorities. The feedback received from the technical cooperation activities were favourable, as evidenced by the replies to evaluation questionnaires distributed during these activities. UNCTAD has been considered by the international community as the principal international organisation active in this area.

78. UNCTAD's activities have contributed to the awareness of developing countries about the need to adopt and effectively implement competition law and policy. Among beneficiary countries, 5 countries (Botswana, Kenya, Laos, Lesotho, Vietnam) have achieved most progress in the preparation, adoption, revision and implementation of national competition legislation as a result of UNCTAD's support. Demands for assistance in the field of competition law and policy and consumer protection have by far exceeded the assistance provided by UNCTAD, due to limitations of its resources.

79. As countries seek to elaborate development-oriented competition and consumer policies to enhance their competitiveness and development, more in-depth economic analysis has been requested, both in relation to their domestic needs and international negotiations. In providing its contribution to enhancing member States' understanding of competition-related issues in the overall development process, UNCTAD's consultative, analytical, capacity building and technical cooperation activities will take better account of domestic economic realities and the potential offered by regional integration. This would be achieved in close cooperation and with technical and financial support from national competition agencies of developed countries and their donor institutions. This close cooperation between UNCTAD, donor institutions and developing countries' competition authorities has proven to be effective in exchanging knowledge, expertise and developing networking among competition experts.

VI: TRADE, ENVIRONMENT AND DEVELOPMENT BRANCH

<i>Increased awareness and ability of developing countries to develop mutually supportive trade, environment and development policies at the national and multilateral levels, with due consideration to gender equality in discussions and decision-making. (Expected accomplishment (e) of the subprogramme) Table 12.15 in document A/58/6(Sect.12)</i>
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A: Major output and activities

80. The Branch has two sections. *The Trade and Sustainable Development Section* aims at identifying policies to address major constraints faced by developing countries, especially LDCs, in the trade, environment and development nexus, as well as at supporting their effective participation in international deliberations on this issue, in particular in the context of the WTO. It also implements, with UNEP, the UNEP-UNCTAD Capacity Building Task Force on Trade, Environment and Development. *The BioTrade and Climate Change Section* aims to promote trade and investment in biodiversity-based products and services in developing countries to further sustainable development. It also explores trade implications of climate change policies and the trade, investment opportunities for developing countries deriving from the Clean Development Mechanism (CDM) of the Kyoto Protocol of UNFCCC.

(1) UNCTAD XI

81. The Branch prepared and conducted several UNCTAD XI-related events including:

- a) A *pre-UNCTAD XI workshop on Environmental Requirements and Market Access for Developing Countries* was organized jointly by the UNCTAD secretariat and the National Institute of Metrology, Standardization and Industrial Quality (Inmetro) of Brazil during the Rio Trade Week. The workshop reviewed the results of exploratory activities for and examined the concept and modalities of a Consultative Task Force (CTF) on Environmental Requirements and Market Access for Developing Countries.⁶³ The report of the workshop is available as document DITC/TED/2004/7.
- b) The *Roundtable on Promoting Trade for Sustainable Development*⁶⁴ addressed a number of issues that are directly relevant to follow-up activities of the WSSD, such as export diversification, poverty alleviation and rural community development offered by environmentally preferable products (EPPs); the role of environmental goods and services in sustainable development; opportunities to harness traditional knowledge for trade and development and the ability of developing country companies, in particular SMEs, to respond to environmental requirements in export markets. The roundtable paid special attention to the capacity needs of developing countries and welcomed achievements and future activities by the CBTF.⁶⁵
- c) At a meeting on *BioTrade Initiative: Trade and Biodiversity Partnerships*,⁶⁶ a series of new BioTrade partnerships were launched, in particular:
 - A partnership with the Amazon Cooperation Treaty Organization (ACTO) aimed at establishing a regional BioTrade Programme in the Amazon.
 - A Brazil BioTrade Partnership, which will promote biotrade in Brazil through a task force of UNCTAD, APEX (Brazil's export promotion organization), FUNBIO (the Brazilian Biodiversity Fund) and SEBRAE (Brazil's largest organization in support of the development of SMEs).
 - A partnership with the Ministry of Tourism, Trade and Industry of Uganda that aims at implementing a National BioTrade Programme.

(2) Commission on International Trade in Goods and Services, and Commodities

82. The Branch serviced the Eighth session of the Commission on Trade in Goods and Services, and Commodities, in particular in its examination of trade and environment issues in the context of a broad agenda for sustainable development and in its consideration of the Report of the Expert Meeting on Definitions and Dimensions of Environmental Goods and Services in Trade and Development.

⁶³ See, www.unctad.org/trade_env/test1/projects/taskforce.htm.

⁶⁴ São Paulo, 17 June 2004.

⁶⁵ See the report of the Roundtable, available as document DITC/TED/2004/8.

⁶⁶ São Paulo, 15 June 2004.

(3) Monitoring of WTO meetings and support to negotiations

83. The UNCTAD *Trade and Environment Review 2003*⁶⁷ focused on negotiating issues in the WTO Doha agenda, namely the relationship between WTO rules and specific trade obligations set out in multilateral environmental agreements and the reduction or elimination of tariff and non-tariff barriers to environmental goods and services.⁶⁸ UNCTAD has also carried out considerable work on the three other environment-related issues prioritized in the Doha Work Programme, namely:⁶⁹

- A series of sub-regional, national and training workshops on environmental requirements and market access for developing countries was held for a group of Asian (Bangladesh, Cambodia, China, Philippines, Thailand, Viet Nam) and Central American and Caribbean countries (Costa Rica, Cuba, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua and Panama).
- Regarding the relevant provisions of the TRIPS Agreement, an UNCTAD-Commonwealth Secretariat Workshop on Elements of National *Sui Generis* Systems for the Preservation, Protection and Promotion of Traditional Knowledge, Innovations and Practices and Options for an International Framework was held.⁷⁰ A book entitled *Protecting and Promoting Traditional Knowledge: Systems, National Experiences and International Dimensions* was published.⁷¹
- Regarding labelling requirements, considerable work has been carried out on promoting exports of organic agricultural products. This includes the continued work of the UNCTAD/FAO/IFOAM International Task Force on Harmonization and Equivalence in Organic Agriculture and technical cooperation projects.⁷²

84. The Secretariat provides support to the Doha negotiations on liberalization of trade in environmental goods and services (EGS).⁷³ It participated, at the request of the WTO membership, as an observer and reported on its work to the special sessions of the Committee on Trade and Environment (CTESS), held in April and in October. UNCTAD resource persons addressed a Workshop on Environmental Goods, held back-to-back with the October session of the CTESS. UNCTAD's note for the October session generated considerable interest and support from WTO Members and prompted requests for assistance to countries in modelling positive lists of environmental goods, identifying tariff and non-tariff barriers affecting trade in these goods and selecting appropriate negotiating modalities. UNCTAD's technical support and policy analysis has helped contributed to the negotiations on EGS and clarified key issues from the perspective of developing countries,⁷⁴ and a series of technical cooperation activities, in particular studies and policy dialogues in Central America under the DFID-funded project *Building Capacity for Improved Policy Making and Negotiations on Key Trade and Environment Issues* (see details below).

⁶⁷ UNCTAD/DITC/TED/2003/4.

⁶⁸ Paragraph 31 of the Doha Ministerial Declaration.

⁶⁹ Paragraph 32 of the Doha Ministerial Declaration.

⁷⁰ Geneva, 4-6 February 2004.

⁷¹ UNCTAD/DITC/TED/10.

⁷² Detailed information on all of the above available at www.unctad.org/trade_env.

⁷³ Paragraph 31(iii) of the Doha Ministerial Declaration.

⁷⁴ The first issue of the UNCTAD Trade and Environment Review, with its two articles on environmental goods and services, represent the most recent examples of analytical work by UNCTAD.

(4) *Documentation/Publication*

85. The Branch prepared the following documentation:

- a) Trade and Environment Review 2003, a new annual publication that addresses key trade and environment issues from a development perspective with a view to providing developing countries' Governments and civil society with a forum to discuss their most important issues and to influence the international agenda. The Review is available online at the UNCTAD and WTO websites. It discusses two issues pertaining to paragraph 31 of the Doha Ministerial Declaration, namely specific trade obligations pertaining to multilateral environmental agreements and rules of the trading system, and
- b) Protecting and promoting traditional knowledge: systems, national experiences and international dimensions.⁷⁵
- c) Trading opportunities for organic food products from developing countries.⁷⁶
- d) Environmental requirements and market access for developing countries.⁷⁷
- e) UNCTAD/INMETRO workshop on environmental requirements and market access for developing countries.⁷⁸
- f) Trade for Sustainable Development.⁷⁹
- g) Report of the Roundtable on Trade for Sustainable Development, UNCTAD/DITC/TED/2004/8.
- h) Trade and the environment: an important relationship for small island developing States, in: Is a special treatment of small island developing States possible?⁸⁰
- i) Progress report on the follow-up to the recommendations of and discussions on the evaluation of UNCTAD's programme on trade, environment and development.⁸¹
- j) *An Implementation Guide to the Clean Development Mechanism (CDM): Putting the Marrakech Accords into Practice*. The guide is part of a series that seeks to enable developing countries to evaluate risks and capture trade and investment opportunities arising from the Kyoto Protocol to the Climate Convention.

⁷⁵ UNCTAD/DITC/TED/10.

⁷⁶ UNCTAD/DITC/TED/11.

⁷⁷ TD(XI)/BP/1.

⁷⁸ UNCTAD/DITC/TED/2004/7.

⁷⁹ TD(XI)/BP/10.

⁸⁰ UNCTAD/LDC/2004/1.

⁸¹ TD/B/WP/175.

- k) *The United States Market for Natural Ingredients Used in Dietary Supplements and Cosmetics with Highlights on selected Andean Products*, which identifies current and future trends in specific markets such as organic teas and cosmetics.
- l) Sector market assessments for natural ingredients used in the cosmetic and pharmaceutical industries, were published by National BioTrade Programmes of Colombia, Ecuador and Peru, in collaboration with UNCTAD.
- m) Contribution of a chapter on “Trade and the Environment: An important relationship for SIDS” to an UNCTAD publication on “Is a special treatment of small island States possible?”⁸²

(5) *Advisory services, technical assistance and capacity building*

86. The Trade and Sustainable Development Section of the Branch implemented the following activities:

- a) Under the project "Building Capacity for Improved Policy Making and Negotiation on Key Trade and Environment Issues", four sub-regional workshops, six national workshops, three training workshops and one interregional meeting were held in Central America and South-East Asia. Besides officials from trade and environment ministries, these meetings involved a large number of other stakeholders, including the private sector, academia and NGOs. The list of meetings comprised:
 - A sub-regional workshop on environmental requirements and market access for exports of electrical and electronic products from China, the Philippines and Thailand.⁸³
 - A sub-regional workshop on environmental goods and services and market access, rallying participants from Costa Rica, Cuba, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama.⁸⁴
 - A sub-regional workshop on environmental requirements, market access/entry and export competitiveness for the horticultural sector in Bangladesh, Cambodia, China, Philippines, Thailand and Vietnam.⁸⁵
 - A workshop between developing country experts, the European Commission and European industry on the consultative process and impact assessment related to the proposed EU Chemicals Regulation (REACH).⁸⁶ The workshop was jointly organized by UNCTAD and the Foundation for International Environmental Law and Development (FIELD).
 - A national training workshop on environmental requirements, market access/entry and export competitiveness for leather and footwear products from Vietnam.⁸⁷
 - A consultative workshop on environmental requirements and market access in Costa Rica.⁸⁸

⁸² UNCTAD/LDC/2004/1.

⁸³ Manila, Philippines, on 18-20 February 2004.

⁸⁴ Santo Domingo, Dominican Republic on 27-29 April 2004.

⁸⁵ Bangkok, Thailand, 29 September to 1 October 2004.

⁸⁶ Brussels, Belgium, 28-29 October 2004.

⁸⁷ Ho Chi Minh City, 30-31 March 2004.

- A national training workshop on environmental requirements, market access/entry and export competitiveness for the horticultural sector of Bangladesh.⁸⁹
 - A national policy dialogue on environmental requirements, market access and export competitiveness of horticultural products from Cambodia.⁹⁰
 - A national policy dialogue on environmental requirements, market access and export competitiveness of horticultural products from the Philippines.⁹¹
 - National workshop in Cuba to discuss the results of work on EGS and market access and to make recommendations for national initiatives to follow up on these results.⁹²
- b) The 3rd meeting of the UNCTAD/FAO/IFOAM International Task Force on Harmonisation and Equivalence in Organic Agriculture.⁹³
- c) The Consultative Task Force on Environmental Requirements and Market Access for Developing countries (CTF) held its first substantive meeting in Geneva, on 5 and 6 November 2004.⁹⁴ The meeting agreed upon a work programme of 2005, which will include (i) a working group between CBI, FAO and Inmetro that aims to develop a user-friendly internet “portal” that facilitates access and interfaces existing information clearinghouses on mandatory and voluntary environmental and health-related requirements; (ii) two project activities that will be implemented under the umbrella of the CTF, focusing on an exchange of national experience between China, Malaysia, Philippines and Thailand on national adjustment to requirements for sound disposal/recycling and eco-friendly design for electrical and electronic equipment (EEE) in key developed country markets, on the one hand, and on the development of national or sub-regional codes on good agricultural practice for horticulture in interested developing countries that are benchmarked to EurepGAP⁹⁵ (while taking national development priorities into account), on the other hand.
- d) The staff of the Branch participated as resource person in a large range of meetings organized by UNCTAD Member States, intergovernmental organizations and civil society organizations and provided substantive contributions in the preparation of these meetings.

87. The BioTrade and Climate Change Section implemented the following activities:

- a) Assisted the formulation process of National BioTrade Programmes in Uganda and Venezuela, and supported the implementation process of National BioTrade Programmes in Bolivia, Colombia, Ecuador and Peru.

⁸⁸ San José, Costa Rica, 17-18 August 2004.

⁸⁹ Dhaka, Bangladesh, 4-5 October 2004.

⁹⁰ 23-24 November 2004.

⁹¹ Manila, 2-3 December 2004.

⁹² 2-3 December 2004.

⁹³ Rome, Italy, 17-19 November 2004..

⁹⁴ The report of the meeting is available as DITC/TED/2004/xx

⁹⁵ The Euro-Retailer Produce Working Group (EUREP) is a European based trade organization for retailers. Their membership consists of growers, product marketing organizations (PMO) and growers' co-operatives, food manufacturers and retailers. It basically includes most big European supermarkets.

- b) Created in collaboration with the World Resources Institute (WRI) and the Andean Development Bank (CAF), the New Ventures Biodiversity Investor Forum for the Andean-Amazonian Region in order to promote concrete investment opportunities through venture capital in bio-businesses. The first forum was held in June 2004 in Lima, Peru.
- c) A regional capacity building workshop for National BioTrade Programmes in the Andean region on Good Manufacturing/Agricultural/Conservation Practices for natural ingredients for cosmetics and pharmaceuticals. BTFP also held workshops in the Andean region and Uganda in collaboration with the ITC, CBI and the National BioTrade Programmes, in order to support value chain analysis and strategy development.
- d) E-learning course in the United Republic of Tanzania on CDM.
- e) Convened, with FCCC Secretariat and the International Centre for Trade and Sustainable Development (ICTSD),⁹⁶ an open-ended consultation on potential areas of synergy between trade and Kyoto Protocol rules with the participation of many delegations and NGOs
- f) A parallel side event on trade and investment opportunities under the Kyoto Protocol at the 10th Conference of the Parties of the Climate Convention.⁹⁷

(6) Co-operation with other organizations

88. Activities implemented under the UNEP-UNCTAD CBTF included: (a) Training Workshop on Integrated Assessment for African Countries;⁹⁸ (b) Training Workshop on Enhancing Policy Co-ordination on Trade and Environment Issues: Implementation of Multilateral Environmental Agreements Containing Trade-Related Measures in Cambodia;⁹⁹ and CBTF regional seminar on trade, environment and development for Portuguese-speaking African countries.¹⁰⁰ Also, under the CBTF, an event was organized on “trade liberalization, environmental protection and sustainable development: opportunities and challenges for small island States” during the Barbados + 10 International Meeting in Mauritius in January 2005.

89. In the context of work on EGS (environmental goods and services), the UNCTAD secretariat closely collaborated with the WTO and OECD secretariats as well as with ICTSD, IISD and IIED. On environmental requirements and market access, the UNCTAD secretariat closely co-operated with IISD, STIC, Inmetro, the EurepGAP secretariat, the Chinese Chamber of Commerce, and the Federation of Thai Industries.

90. The BioTrade and Climate Change section has informed multilateral environmental agreements such as the Ramsar Convention on Wetlands, the Convention on Biological Diversity (CBD), CITES and FCCC through briefings and participation in relevant sessions about results achieved and experience gained. The BioTrade Facilitation Programme activities focused on small, medium and community-based enterprises in

⁹⁶ Geneva, 16 October 2004.

⁹⁷ Buenos Aires, 14 December 2004.

⁹⁸ Nairobi, Kenya, 19-20 July 2004.

⁹⁹ Phnom Penh, Cambodia, 5-6 October 2004.

¹⁰⁰ Luanda, Angola on 8-10 November 2004, for Angola, Cape Verde, Guinea Bissau, Mozambique and Sao Tomé and Príncipe

developing countries, supporting their exports through a network of specialized partners. Partners include, among others the ITC, the Swiss Import Promotion Programme (SIPPO) and CBI. To promote trade in biotrade products, export strategies are formulated and implemented through a set of practical trade promotion services, like market information collection, product development, quality improvement certification, labelling, and trade fair participation. This programme has financial support from the Governments of Switzerland and the Netherlands.

91. In cooperation with the Andean Community of Nations (CAN) and the Andean Development Corporation (CAF), UNCTAD enhanced the production of value-added products and services derived from biodiversity throughout the Andean countries for both domestic and international markets. Similar support was provided to the Amazonian Cooperation Treaty Organization regarding the production of value-added products and services derived from biodiversity in the eight Amazon countries.¹⁰¹

B: Assessment and lessons learnt

92. The number of references to findings and recommendations of UNCTAD's work in meetings of the WTO, WIPO, the OECD and other institutions has been substantial. For example, in 2004, developing and developed WTO Members made 37 interventions in the Committee on Trade and Environment (regular and special sessions) and Committee on Technical Barriers to Trade referring to findings from UNCTAD's work.

93. The Branch was successful in mobilizing donor support for its technical assistance and capacity-building activities (from the Netherlands, Switzerland and the UK). New financial contributions were obtained for work on environmental requirements and market access (the Netherlands); the UNCTAD/FAO/IFOAM International Task Force on Harmonization and Equivalence in Organic Agriculture (from Sweden and Switzerland) and the UNEP-UNCTAD Capacity-building Task Force on Trade, Environment and Development.¹⁰² The BioTrade Initiative has been successful in meeting expectations of an increasing number of beneficiary countries and in securing donor commitments to extra-budgetary activities through a dynamic and creative range of BioTrade partnerships. The level of financial support for technical cooperation activities on trade, environment and development in 2004 was 40 per cent higher than the base-line data for 2000-2001.¹⁰³ The level of financial support for activities carried out by the BioTrade and Climate Change section also increased considerably.

94. The Branch has succeeded in providing, based on its analytical, technical assistance and capacity-building activities, practical value and specific impact on developing mutually supportive trade, environment and development policies. This is demonstrated by the active involvement of an increasing number of developing countries in sector- and country-specific activities carried out by the Branch as well as by references to UNCTAD's work in the WTO and in sessions of relevant Multilateral Environmental Agreements such as CBD, CITES, RAMSAR and Climate Change.

95. UNCTAD's technical cooperation and capacity building activities have been supported by a wide range of developed and developing countries, including in the

¹⁰¹ For more details on these programmes, visit www.biotrade.org and www.unctad.org/ghg.

¹⁰² The EC and the US have made contributions to the CBTF Trust Fund managed by UNEP.

¹⁰³ TD/B/WP(XLI)/CRP.1

WTO. Many WTO Members have drawn on findings from UNCTAD's work in their interventions, in particular in the areas of trade in environmental goods and market access issues. UNCTAD was also invited by the Committee on Trade and Environment to submit two specific reports on its activities and findings on (i) liberalization in environmental goods and services; and (ii) environmental requirements and market access. UNCTAD was also invited to make a presentation on findings of its work at a seminar on TBT and Developing Countries, organized by the European Commission.

96. Many private sector representatives participated in the sub-regional, national and training workshops organized under the project “Building Capacity for Improved Policy Making and Negotiation on Key Trade and Environment Issues” as well as the activities of the CTF. The private sector actively supported analytical work and provided many resource persons. Project activities launched under the CTF are, to a significant extent, being implemented by or in close collaboration with the private sector.

97. Results obtained from evaluation forms completed by participants are a means of measuring success of activities. Over 97 per cent of participants who returned evaluation questionnaires (105 out of 108) for events organized in 2004 indicated that the activity had met the needs of their organization and was relevant for their work.¹⁰⁴ The Working Party on the Medium Term Plan and Programme Budget at its 43rd session expressed appreciation for the trade and environment programme.

98. UNCTAD's activities on the key focal themes (environmental requirements and market access; environmental goods and services; protection, preservation and sustainable use of biodiversity and traditional knowledge, and trade and investment opportunities under the Clean Development Mechanism) have demonstrated that greater concrete action at the international level is needed to promote a more pro-active strategy on trade, environment and development. This requires both, enhanced policy coherence at national level and active participation in international discussions, consultations and negotiations. It also requires more sector- and country-focused analysis and capacity development so that developing countries can capture trade and investment opportunities and engage in a more sustainable development path.

99. The launching of the ITF responds to needs of developing countries in the area of environmental and related health requirements, which are a growing area of regulatory and standard-setting activity. Whether in the form of government regulations, private sector supply chains or non-governmental standard and certification schemes, they pose opportunities and challenges for developing country exporters. UNCTAD's analytical and technical assistance activities have demonstrated that the implementers of new requirements can do much to minimize their adverse effects by ensuring a transparent and consultative process with affected parties. Also, through better coordination among the actors – from governments, to international organizations to NGOs and developing country exporters – a more systemic approach to the identification of potential hurdles and good practices can develop. To ensure that they are not misused for reasons of trade protectionism – environmental requirements need to be the subject of greater focus by practitioners and policy-makers. UNCTAD's new Consultative Task Force on

¹⁰⁴ For more information, see: Progress report on the follow-up to the recommendations of and discussions on the evaluation of UNCTAD's programme on trade, environment and development (TD/B/WP/175 of 20 August 2004).

Environmental Requirements and Market Access for Developing Countries is a good step in that direction of a concerted and cooperative effort among all affected parties.

100. The collaborative and integrated approach to trade, environment and development is reflected in the Branch's work. For example, technical cooperation programmes increasingly supported pro-active strategies and practical initiatives¹⁰⁵ which have been commended by Member States in both UNCTAD and other forums. These include task forces such as the UNCTAD-FAO-IFOAM International Task Force on Harmonization and Equivalence in Organic Agriculture (ITF), CBTF, CTF as well as BioTrade partnership arrangements.

¹⁰⁵ See, for example, report on the follow-up to the recommendations of and discussions on the evaluation of UNCTAD's programme on trade, environment and development (TD/B/WP/175).