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**PROGRESS REPORT ON THE IMPLEMENTATION OF AGREED
CONCLUSIONS AND RECOMMENDATIONS OF THE
COMMISSION, INCLUDING POST-DOHA
FOLLOW-UP***

Note by the UNCTAD secretariat

Executive summary

In accordance with paragraph 10 of the guidelines for the functioning of the UNCTAD intergovernmental machinery, adopted by the Trade and Development Board in carrying out the Mid-Term Review at its nineteenth special session (held in Bangkok from 29 April to 2 May 2002), the UNCTAD secretariat presents herewith a progress report on the implementation of agreed conclusions and recommendations addressed to the secretariat at the ninth session of the Commission (held from 14 to 18 March 2005). The text in italics reproduces the agreed recommendations and conclusions of the Commission.

* This report is submitted on this date in order to reflect as fully as possible the work and activities that have occurred since the ninth session of the Commission.

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I. TRADE AND MILLENNIUM DECLARATION GOALS

In view of UNCTAD's contribution to the implementation of international development goals, including those contained in the Millennium Declaration, and to the 2005 comprehensive review of the latter, the Commission recommends that UNCTAD should:

(a) Contribute to the mainstreaming of development into international trade and trade negotiations, in particular the Doha negotiations, through its work on consensus-building, analytical work, technical assistance and capacity building, in line with the mandate contained in the São Paulo Consensus;

(b) Contribute to the preparatory process for the high-level plenary meeting of the General Assembly to review progress in fulfilment of commitments contained in the UN Millennium Declaration in September 2005, in particular on the role of trade and trade negotiations in the achievement of development objectives and targets; and

(c) Support capacity building efforts in developing countries in trade policy formulation, trade negotiations, including WTO accession negotiations, and commodities, as provided in the São Paulo Consensus (paragraph 95).

It should also strengthen technical assistance to address the special needs of developing countries, in line with paragraph 66 of the São Paulo Consensus.

1. *Actions:* Contribution to mainstreaming development into international trade and trade negotiations is systematically made by UNCTAD through intergovernmental deliberations and consensus building, research and analysis, and technical assistance and capacity building.

2. As regards intergovernmental deliberations, UNCTAD actively participated in providing inputs into the preparatory process of the 2005 World Summit on trade and development matters. In particular, inputs were provided to the 'Millennium Project' Task Force on Trade and its report on Trade for Development. Technical support was provided to a number of preparatory events by developing countries including for the 2005 World Summit. These included the Second South Summit in Doha (Qatar) in June 2005; the Ministerial Meeting on the Challenges of Asia and Pacific Countries in Achieving Millennium Development Goals in 2015 and Beyond (August 2005); the Arab Ministerial Conference on the sixth WTO Ministerial Conference in the context of the Millennium Declaration (September 2005); the international conference on the contribution of competition policies to the achievement of the MDGs in countries with economies in transition (September 2005); and a regional workshop for LDCs and African countries on the contribution of commodity trade to MDGs (November 2005). UNCTAD provided advisory assistance and technical papers to these events and also substantively serviced a number of them.

3. The Trade and Development Board has conducted an annual review of development issues in the Post-Doha work programme of particular concern to developing countries since 2002. At its 52nd session in October 2005, the Board's review found that progress in the multilateral trading system should be linked to progress in accomplishing internationally-agreed development goals, including the Millennium Development Goals (MDGs), as

reiterated in the 2005 World Summit Outcome.¹ Several countries emphasized that economic development requires flexibility in trade liberalization, institutional innovations, investment in human capital and development-oriented infrastructure, universal access to essential services, and supply-side competitiveness so as to enable developing countries to achieve their development objectives at a pace consistent with their levels of development. It was recognized that UNCTAD can, and should, play a role in bringing the Doha negotiations to a timely and development-focused conclusion. The intergovernmental deliberations were facilitated by the secretariat's note on the "*Review of developments and issues in the post-Doha Work Programme of particular concern to developing countries*" (TD/B/52/8). This report provided a comprehensive analysis of issues of concern faced by developing countries with regard to the Doha negotiations since the WTO's General Council decision of 1 August 2004; it also contained policy suggestions for policymakers and trade negotiators on areas in which consensus is required to achieve the development promises of the Doha round.

4. UNCTAD has continued to participate in, report on, and provide contributions upon request to meetings of WTO bodies. These included the General Council, the Goods Council and its subsidiary bodies, the Services Council, the TRIPS Council, the Committee on Trade and Development, Sub-Committee on LDCs, the Committee on Regional Trade Agreements, the Textiles Monitoring Body, WTO Accession-related meetings and the Trade Policy review body.

5. UNCTAD systematically contributes to mainstreaming development into trade through research and application of analytical tools, including: (a) continued analysis of implications of tariff and non-tariff issues for NAMA and agriculture negotiations, and promoting consensus-building thereon; (b) carrying out in-depth analysis of the nexus between trade, poverty reduction and development, with a focus on the least developed countries (LDCs); (c) analysing implications of trade agreements for economic and social adjustments in developing countries; (d) providing practical support to trade negotiators, especially in the context of NAMA and agriculture negotiations; (e) extending support to developing countries for human and institutional development in the area of trade policy-making; and (f) analysing interactions among factors affecting trade and human development through the development of the Trade and Development Index (TDI). The TDI can be found in the new UNCTAD annual report on *Developing Countries in International Trade 2005*, is intended to contribute to, among other things, a systematic follow-up of the MDGs and the outcome of the 2005 World Summit. The TDI also provides a quantitative indication of the degree of integration of trade in human development by capturing interactions among factors affecting a country's foreign trade and its human development; it thus provides fresh insights into how international and national policymakers can use world trade to deliver solid development benefits, especially to the poor. The index will also help governments to diagnose trade performance problems and provides tools for improving trade policy. The TDI is a work in progress and further refinements are currently being carried out in consultation with relevant international organizations.

6. UNCTAD is part of the *Inter-agency and Expert Group on MDG Indicators* (IAEG) of the UN Secretariat as a whole, UN specialized agencies and other international organizations. The IAEG is responsible for data development and analysis for the assessment of trends in the implementation of the Millennium Declaration. The IAEG is mandated to

¹ For details on the deliberations, see the President's Summary, "*Review of developments and issues in the post-Doha work programme of particular concern to developing countries*" (TD/B/52/L.6).

review methodological and technical issues in relation to the MDG indicators and provide inputs for the UN Secretary General's annual report to the General Assembly on the implementation of the Millennium Declaration. UNCTAD, together with WTO and ITC, provides data and analysis for 2 of the 16 indicators set out to measure progress towards the achievement of Goal 8 (Develop a global partnership for development) of the MDGs. These are Indicator 38 on *Proportion of total developed country imports (by value and excluding arms) from developing countries and LDCs, admitted free of duties*, and Indicator 39 on *Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries*. The three organizations collaborate on the collection and analysis of the data as well as on the definition of the methodology used for the calculation of these two indicators.

7. UNCTAD has continued to provide policy analyses on the international trading system and trade negotiations for reports prepared by UN departments on the follow-up to the Millennium Declaration, Monterrey Consensus, and World Economic and Social Survey.

8. Regarding technical assistance and capacity building, with extra-budgetary support from donor countries and agencies, UNCTAD has developed and implements many technical assistance and capacity-building projects for developing countries, especially LDCs and African countries, as well as economies in transition. In trade negotiations and commercial diplomacy, the Doha negotiations entered an extremely intense and demanding phase for developing countries in view of the preparations for the sixth WTO Ministerial Conference and, upon request, UNCTAD assisted developing countries in their preparations. UNCTAD contributed to the second South Summit (June 2005), the meeting of African Union Trade Ministers in Cairo (June 2005) and in Arusha (November 2005), the meeting of LDCs Trade Ministers in Livingstone (June 2005), the Arab States Ministerial Meeting in Amman (September 2005), and the ACP Trade Ministers' Meeting (November 2005). In addition various technical meetings and seminars were organized for individual countries, including Nigeria, Zimbabwe, United Republic of Tanzania, Cameroon, Kenya, Ghana, Uganda, Mali, Zambia, or country groups such as LDCs. UNCTAD together with the Ministry of Commerce supported by DFID, assists the Government of India (Ministry of Commerce) in engaging greater national stakeholder involvement in the Doha negotiations and developing strategies to take advantage of emerging trade opportunities. The project facilitated various stakeholder consultations on the Doha negotiations in preparation for the sixth WTO Ministerial Conference. UNCTAD also continued to provide support on ACP-EU trade negotiations, the FTAA negotiations, regional trade negotiations among developing countries, accession to the WTO, WTO dispute settlement, and the GSP and other trade preferences.

9. Some of the specific projects include assistance to countries acceding to the WTO, especially LDCs, and countries with economies in transition; commercial diplomacy activities; services negotiations projects as well as assistance to Geneva-based trade negotiators on an individual basis and for groups of developing countries on trade in services; 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. Training activities for representatives of governments, private sector, training institutions, and civil society in developing countries comprise an important aspect of technical support. Thus three training modules have been developed or updated on SPS, anti-dumping, and trade in textiles and clothing in the post-ATC environment. Other training materials such as PowerPoint presentations, background papers, and distance-learning materials have been developed and provided to participants. Distance-learning components

have been incorporated in the training of trade negotiators involved in WTO negotiations, and followed up with face-to-face seminars. This included a regional course for trade officials involved in WTO negotiations on trade in services from three Asian countries (Viet Nam, Laos and Cambodia) and four African countries (Benin, Guinea, Mali, and Togo).

10. Support on WTO accession is a major area of UNCTAD's technical assistance programme. UNCTAD continued to assist 16 acceding countries, including all acceding LDCs. The assistance provided included advisory missions, training of officials in WTO-related issues, procurement of IT equipment and the provision of consultants to assist the negotiating team in specific areas. Technical and advisory missions were undertaken, for example, to Azerbaijan, Bhutan, Cape Verde, Ethiopia, Laos, Sudan and Yemen, to assist them in their preparations for meeting of their working party. 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. A workshop on accession was organized in Yemen involving all acceding LDCs and two newly acceded LDCs (Cambodia and Nepal), with the participation of representatives of the private sector and civil society. Accession to the WTO was the focus of a paragraph 166 training course organized in Prague in July 2004, and attended by participants from European acceding countries. Support was provided to Viet Nam in achieving trade-related capacity building through training of trainers in the area of trade negotiations, to enhance the long-term capacity building goal. The assistance that was provided focused on Viet Nam's *post-accession needs* and on the specific needs of the training institutions of the country.

11. Under a project on Dispute Settlement in International Trade, Investment and Intellectual Property, UNCTAD implemented activities including: (i) production and dissemination of training modules in the areas of international trade, investment and intellectual property and related training programmes;² and (ii) provision of pertinent and focused training on Dispute Settlement in International Trade, Investment and Intellectual Property. The beneficiaries of the assistance remain government officials, lawyers and trade negotiators, academics, legal practitioners, lawyers representing trade associations, corporations and law firms and business people from developing countries. In 2005, some 90 governmental and non-governmental professionals from 30 countries, 10 out of which were LDCs, were trained in two regional workshops in respectively Africa and Asia. Over one third of participants were women.

12. UNCTAD launched a series of interactive and open meetings aimed at making WTO panel and Appellate Body rulings more accessible to trade negotiators and other affected stakeholders. Two lunchtime meetings have been held so far: one on the US-Gambling case and one on the EC-Sugar case. Speakers included academics and practitioners working on international trade, as well as delegates and staff from intergovernmental organizations in Geneva. Participation is open to delegates, IGOs, NGOs and academics.

13. Under a development account project, UNCTAD implemented several activities. These included, as previously mentioned: (a) an international conference on the contribution of competition policies to the achievement of the MDGs in countries with economies in transition; (b) the Arab Ministerial Conference on the sixth WTO Ministerial Conference in the context of the and the Millennium Declaration; (c) a regional workshop for LDCs and African countries on the contribution of commodity trade to MDGs; and (d) the development

² Some 10,000 electronic materials (CD-ROMS) and hard copies of training modules on substantive issues in trade and investment dispute settlement were developed and disseminated.

of a website that would contain an e-library and facilitate sharing of experiences and networking on trade and MDGs.

14. In terms of the UN-wide coordination on the follow-up to the outcome of the 2005 World Summit, UNCTAD, as Convenor of the Work Group on Trade of the Economic Committee on Economic and Social Affairs of the Economic and Social Council mobilized the working group in developing coordinated responses that maximizes the synergies between UNCTAD, the UN regional commissions, UNEP and UN-DESA.

II. NEW AND DYNAMIC SECTORS OF WORLD TRADE

The Commission, at its ninth Session, took note of the report of the first expert meeting (February 2005) that launched the process of annual sectoral reviews of new and dynamic sectors in world trade and considered outsourcing of IT-enabled services; renewable energy products, including bio-fuels; and textiles and clothing. It welcomed the particular attention given to the needs of developing countries, including LDCs. It decided that annual sectoral reviews of new and dynamic sectors of world trade should continue to be held by an expert meeting. It also recommends that UNCTAD undertake capacity building activities at national, sub-regional and regional levels through pilot projects to assist developing countries to participate in such sectors, including those contained in the report of the Expert Meeting (TD/B/COM.1/EM.26/3). The Commission invites donor countries and institutions to support such capacity-building efforts.

15. *Actions:* The second sectoral review of dynamic and new sectors of world trade was conducted by the expert meeting which took place from 24 to 26 October 2005.³ It reviewed national and international policies and actions to enhance developing country participation in the following three sectors: (a) electronics, (b) fish and fishery products, and (c) steel and related specialty products. Particular attention was given to LDCs and African countries. Government officials at the ministerial, senior and expert levels from developed and developing countries, and countries with economies in transition, representatives of private companies and industry associations, academics, and representatives of intergovernmental organizations and non-governmental organizations also participated in this meeting.

16. A pilot project is under preparation to look into ways of increasing the participation of several Sub-Saharan countries in the electronics sector, with the participation of prominent international corporations.

III. MARKET ACCESS, MARKET ENTRY AND COMPETITIVENESS

The Commission agreed that UNCTAD should enhance its work on the interrelationships between market access, market entry and competitiveness factors and their impact on exports of developing countries. UNCTAD should also examine the effects of non-tariff barriers. It should continue to work on the challenges and opportunities of trade liberalization, particularly in the area of preference erosion, as well as utilization and improvement of preferential schemes. UNCTAD should continue to support South-South trade initiatives, including the GSTP. The Commission took note that the Fifth UN Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices that will take place in Antalya

³ See "Report of the expert meeting on dynamic and new sectors of world trade" (TD/B/COM.1/EM.28/5).

(Turkey) in November 2005 should provide a good opportunity to address anti-competitive practices that affect effective market entry of exports of developing countries.

17. *Actions:* The Expert Meeting on Methodologies, Classifications, Quantification and Development Impacts of Non-Tariff Barriers was held from 5 to 7 September 2005.⁴ The Meeting addressed a comprehensive agenda related to NTBs, and focused on technical and research issues (such as classification and quantification of NTBs) and on strengthening/forming partnerships with relevant international organizations and other stakeholders to deal with NTBs on a comprehensive and long-term basis. As a concrete follow-up action, the Secretary-General of UNCTAD announced his intention to set up an informal group of eminent persons on NTBs (GNTB) drawn from governments, international organizations, academia and civil society. The composition of the GNTB is being created and would be finalized by the end of 2005.

18. UNCTAD has continued its work on trade preferences, South-South trade and the interface between regional trade agreements and the multilateral trading system. It assisted developing countries and/or their regional groupings in increasing the utilization of the trading opportunities provided under existing preferential arrangements such as the GSP, the Cotonou trade regime and other bilateral arrangements, including through addressing rules of origin requirements. UNCTAD's publication entitled *'Multilateralism and regionalism: The new in terface'* (UNCTAD/DITC/TNCD/2004/7), addresses policy issues relating to various aspects of regional trade agreements, including WTO rules on regional trade agreements, rules of origin, North-South agreements, and South-South integration and trade cooperation. The publication follows in the wake of the pre-UNCTAD XI event on the same subject.⁵

19. In addition to its ongoing administration of notifications received from member States on certificates of origin and changes in GSP schemes, UNCTAD conducted, upon request, advisory services, briefing sessions and workshops on GSP schemes and rules of origin for Oman, Yemen and China. It also provided technical support in compiling trade and tariff information relating to GSP schemes. These activities were directed at providing traders and government officials with an increased awareness and better understanding of the trading opportunities available under respective GSP schemes, and assisting them in complying with rules of origin and other administrative requirements. UNCTAD also prepared publications aimed at facilitating the utilization of GSP schemes, including an updated list of beneficiary countries under various GSP schemes (UNCTAD/ITCD/TSB/Misc.62/Rev.1). UNCTAD is also currently engaged in updating a series of handbooks on various GSP schemes that provide user-friendly guide to individual GSP schemes.

20. UNCTAD backstops the third round of negotiations under the GSTP (Global System of Trade Preferences among Developing Countries). The GSTP provides an ideal instrument for developing countries, including LDCs, to secure preferential market access into the growing markets of the South. The third round of GSTP negotiations affords an important opportunity for developing countries' members of the GSTP Agreement to engage actively in the negotiations to obtain commercially meaningful benefits including through deeper preferential market access. It also provides many other developing countries that are not yet members of the GSTP Agreement, to participate in the negotiations and to acceding the GSTP Agreement.

⁴ See Report of the expert meeting on methodologies, classification, quantification and development impacts of non-tariff barriers (TD/B/COM.1/EM.27/3).

⁵ "Forum on Multilateralism and Regionalism: The New Interface", 8 June 2004, Rio de Janeiro, Brazil.

21. The Fifth UN Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices took place in Antalya from 14–18 November 2005. Extensive discussions were held relating to anti-competitive practices that affect effective market entry, including hard core cartels, and the various ways and means to facilitate adoption of competition laws and policies by developing countries and countries with economies in transition, as well as cooperation in this field among competition authorities and governments. The Conference also held a Business Forum, at which government officials, business representatives and civil society discussed how competition policy enhanced the export competitiveness of enterprises, particularly in developing countries. The Conference adopted a comprehensive resolution, which was submitted to the UN General Assembly, which recognizes, *inter-alia*, the role that competition policy plays in promoting competitiveness, building entrepreneurship, facilitating market access and entry, enhancing the equity of the international trading system and ensuring that trade liberalization brings about development gains. The resolution further reaffirms the validity of the UN Set and called upon all member States to make every effort to implement fully its provisions. Member States were invited to increase cooperation between their competition authorities and governments, especially when anti-competitive practices occur at the international level; such cooperation being particularly important for developing countries and economies in transition. The Conference also recommended to the General Assembly that a Sixth Review Conference be convened in 2010 under the auspices of UNCTAD.

IV. COMMODITIES

As emphasized in paragraphs 64, 74 and 100 of the São Paulo Consensus, and as a contribution to fulfilling international development goals, including those contained in the Millennium Declaration, and taking note of the report of the Expert Meeting on Financing Commodity-based Trade and Development: Innovative Financing Mechanisms (TD/B/COM.1/EM.24/3), UNCTAD should:

(a) Continue to implement a comprehensive approach in its efforts to contribute to commodity sector development, diversification and more effective participation in the supply chain, and in this regard implement fully the tasks assigned to it;

(b) Establish as soon as possible the International Task Force on Commodities, announced at UNCTAD XI in São Paulo; interested donors and institutions are invited to contribute to operationalizing the Task Force;

(c) Enhance its work in the area of commodity finance, in both the conceptual development of innovative schemes and assistance in their implementation, focusing on the contribution of finance to the generation by the commodity sector of overall development gains and benefits, and the dissemination of successful approaches; and

(d) Implement strong and broad-based capacity- and institution-building programmes in this area, covering both the public and the private sectors and national and international policies and actions.

22. *Action:* Analytical research, intergovernmental meetings and technical cooperation activities implemented by UNCTAD provide a comprehensive and integrated coverage of problems faced by commodity-dependent developing countries, as demonstrated by the two reports on promoting participation of developing countries in dynamic and new sectors of

world trade, prepared for the Expert Meeting on Dynamic and New Sectors of World Trade, 24–26 October 2005, on steel and related specialty products (TD/B/COM.1/EM.28/4) and on fishery products (TD/B/COM.1/EM.28/3). These reports adopted a comprehensive approach to the topics of commodity sector development, diversification and more effective participation in the supply chain.

23. UNCTAD has contributed to reports and background notes emphasizing the need for, and outlining the elements of, a comprehensive approach to various meetings, including: (i) the Ministerial Roundtable Meeting on “The Impact of Commodities on Poverty Reduction and Sustainable Development in Least Developed Countries and other Vulnerable Economies” in June 2005 in New York during the ECOSOC meeting; (ii) the meeting on “The Challenges for International Commodity Policy - the Cotton Issue” in November 2005 in New York to the General Assembly; (iii) the AU Extraordinary Conference of Ministers of Trade on African Commodities, in Arusha in November 2005. UNCTAD also promoted the implementation of a comprehensive approach to commodity sector development in meetings organized by NGOs, such as Bridge Initiative's "Agricultural policy against development objectives and the logic of globalisation", in Dakar on 9–10 June 2005; and academic events such as WIDER's “Hunger and Food Security” meeting in Helsinki on 12–14 October 2005. Inputs have been provided on commodity-related issues and UNCTAD's approach and activities to the WTO's Committee on Trade and Development and Sub-committee on Cotton.

24. UNCTAD has been active in the establishment of an important partnership, the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development, which represents a significant step towards maximizing the contribution of the mineral sector to sustainable development. UNCTAD also addressed the issues of macroeconomic balance in resource dependent economies as a commodity based development problem. An in-depth study undertaken together with the International Council on Mining and Metals and the World Bank examines policies and actions where mining has contributed to rapid growth and poverty reduction, and where conflicts over the distribution of revenue have been avoided. The study will be published in late 2005. It is organized around four country case studies namely Chile, Ghana, Peru and the United Republic of Tanzania.

25. Provision of relevant, user friendly and comprehensive information is an integral part of UNCTAD's commodity work. Its package of commodity information services continues to be improved and expanded. **Infocomm**, for example, provides up-to-date information on the Internet on major commodities, while at the same time helping to gather key strategic information on fundamental factors influencing the functioning of the market. **Infoshare** is being developed to allow interested partners to gather information on farmgate and other relevant prices and costs (e.g. inputs, local transportation, storage, inspection costs, relevant interest rates), as well as qualitative information on issues such as national quality standards, and list of exporters. Innovative e-products and tool kits provide in-depth analysis of a specific commodity sector such as cocoa. In addition, statistical publications and databases provide an overview of commodity trade and production. The World Commodity Survey is a recurrent publication providing unique and practical information on markets, structures and innovations for more than 80 commodities.

26. H.E. Mr. Benjamin William Mkapa, President of the United Republic of Tanzania, has kindly agreed to chair the International Task Force on Commodities (ITFC). Candidates for ITFC membership have been identified and contacted. Contacts with potential donors

have continued. It is expected that the first meeting of the ITFC will take place during the first quarter of 2006. A blueprint for the operations of the ITFC has been prepared.

27. As regards commodity financing, UNCTAD has built a database of innovative schemes and is preparing an analytical series on "*Innovative Financing in the Commodity Sector and Dynamic Industries*" to promote international best practices in innovative financing mechanisms in the commodity sector. This includes highlighting the usefulness of innovative thinking to local banks, as they strive to expand their outreach to producers, processors and exporters in developing countries. Three studies to be launched simultaneously in early 2006 the progress made to date, these studies are: "*Horticulture finance: leveraging finance to expand African non-traditional exports - new case studies*"; "*Structured finance for renewable energy: its potential in developing countries*"; and "*Fisheries finance: new products by the banking sector*". Also, training workshops for banks have been conducted in India. UNCTAD is developing a related online training platform. UNCTAD has also been advising banks and governments in developing countries to provide the necessary means and structures to enhance financing to the commodity sector. This has been the case with the Islamic Development Bank which launched a pilot scheme on Structured Commodity Trade Financing in 2005. The scheme will be integrated as an integral component of the bank's products.

28. UNCTAD has continued to implement its capacity building programme on diversification and commodity-based development, with a focus on capacity and institution building in both public and private sectors and promoting a multi-stakeholder approach. A national seminar on Diversification of Agricultural and Mineral Sectors, International Trade and Development for Mongolia was held in Ulaanbaatar on 19–21 October 2005, in cooperation with the Ministry of Industry and Trade of Mongolia and German Technical Cooperation (GTZ) Export-Oriented Industrial and Trade Policy Project. In response to a demand from the Government of Mauritania, a programme of technical assistance for the development of the fisheries sector is being prepared.

29. UNCTAD has assisted small producers of fruit and vegetables in Ghana within the framework of a partnership with the Swiss supermarket chain Migros to strengthen capacities related to market entry and bargaining power, provide high returns while ensuring traceability and consistent product quality and quantity, guarantee sustainable methods of production, and enter into profitable contracts. UNCTAD plays a crucial role in the programme as a 'facilitator'. A project on Compliance Costs on SPS and Agrifood Standards in three African LDCs (Guinea, Mauritania and Mozambique) is documenting the difficulties and estimating the costs faced by LDCs in meeting international quality standards and identifying policies and measures that would ease the burden of meeting these costs. Assistance was also provided, in cooperation with a broad range of stakeholders, including private companies, to promote diversification and local economic development in areas that depend on mining. UNCTAD is also supporting regional development planning and the process of screening development projects in Espinar, Peru, with financial support from the Common Fund for Commodities.

30. Another project financed by the Common Fund for Commodities and implemented in collaboration with the International Cotton Advisory Committee (ICAC), is aimed at identifying the principal constraints and opportunities for improving the sustainability of cotton production in West and Central African countries. The technical report of the project,

including the report of the meeting held in Bamako, Mali on 28 February and 1 March 2005 is being printed.

31. On the premise that a pan-African exchange would provide producers in Africa's fragmented markets with an expanded market for their products and, by acting as a single procurement forum for international commodity purchasers, UNCTAD has provided support to the work by the African Union on the establishment of such an exchange. The special problems of commodity dependent countries and search for solutions, in particular for diversification, have been introduced to the JITAP project. Commodity issues comprise one of the principal concerns in a new development account project on trade and MDGs (mentioned earlier).

V. TRADE IN SERVICES AND DEVELOPMENT IMPLICATIONS

In line with São Paulo Consensus paragraph 99, and taking note of the report of the Expert Meeting on Trade and Development Aspects of Professional Services and Regulatory Frameworks (TD/B/COM.1/EM.25/3), UNCTAD should continue to strengthen its policy-oriented analysis, consensus building and capacity-building activities on services, with the support of the donor community, to contribute to assuring development gains for developing countries in the following areas:

(a) Assisting developing countries in strengthening their domestic supply capacities and increasing their participation in services trade;

(b) Carrying out assessments of trade in services in line with paragraph 95 of the São Paulo Consensus;

(c) Undertaking sector-specific studies in areas, sectors and modes of interest to developing countries;

(d) Deepening work on business and professional services in the areas identified in the above-mentioned report of the Expert Meeting, including outsourcing of such services;

(e) Helping develop capacities in developing countries to establish their own negotiating priorities and negotiate trade agreements, including on GATS and regional trade agreements;

(f) Analysing domestic regulations and GATS rules from a development perspective.

32. *Action:* On-going assistance was provided by UNCTAD to developing countries, particularly LDCs, and countries with economies in transition in enhancing their understanding of issues involved in building services supply capacities and policy framework. The assistance provided through more than twenty meetings and technical assistance missions, including through facilitating consultations, aimed at promoting services policy formulation at the sectoral level and in overall terms. Consultations were based on multi-stakeholder approach and aimed at building understanding of the complexities involved in services policy formulation in developing countries, helping in organizing their internal consultative process, analyzing best practices and opportunities arising from market access for their services and in formulating development needs.

33. On the assessments of trade in services, a number of studies have been finalized or initiated to advance the debate on the impact of the liberalization of trade in services in

developing countries in overall terms and on a sector specific basis with emphasis on reduction of poverty and achieving development. The following national sectoral studies have been concluded: *"Preliminary Assessment of Services and Services trade in Rwanda"*; *"Services trade-related development strategies in tourism and construction services in Indonesia"*; *"Exportar Servicios Profesionales desde Colombia Problemas y Oportunidades"*; *"Services Trade-Related Development Strategies in Tourism, Telecommunication and Banking Services in Kenya"*. New work in the area of services assessment in selected services sectors have been launched following initial consultations with the main stakeholders in Jordan, Guatemala, El Salvador, and Thailand. In addition, assistance has been provided by UNCTAD to a number of national assessment studies undertaken in the context of the regional integration in Andean, COMESA, SADC, as well as in the national context for Cameroon, Congo, Democratic Republic of Congo, Djibouti, and Madagascar. The assessment exercise involved contribution and exchange of experience with other regional, international organizations as well as NGOs.

34. As regards sector-specific studies, UNCTAD has prepared a note on "Distribution services"⁶ which identifies issues and draws policy lessons for facilitating developing countries' access to global distribution channels for their goods and services. UNCTAD also prepared a note on "Trade and Development Aspects of Insurance Services and Regulatory Frameworks".⁷ It draws attention to the dual role of insurance as an infrastructural and commercial service, which impacts the activities of individuals and businesses.

35. UNCTAD continued to make its contribution to the on-going international debate on GATS negotiations in the area of Mode 4. Issues surrounding Mode 4-related trade continue to feature in all analytical work undertaken in UNCTAD. In addition, UNCTAD continues its direct involvement in the collaborative work among Geneva-based international organizations which are members of the informal Geneva Migration Group. UNCTAD also completed a report on "Managing request-offer negotiations under the GATS: the case of Construction and related engineering services". It provides additional inputs for the on-going GATS negotiations.

36. UNCTAD's work on business and professional services included a study on "Moving professionals beyond borders: Mutual recognition agreements and the GATS".⁸ It identifies ways and approaches on how temporary mobility of professionals could be made possible through MRAs and how putting in place mechanisms to facilitate developing country participation in the MRAs could contribute towards increasing participation of developing countries in the international trade in professional services and for implementation of GATS Article IV. UNCTAD has also completed analytical work on "Outsourcing and Development", which demonstrates that the trend towards offshoring of a wide range of IT-enabled services and business process outsourcing has shown a marked acceleration during the first five years of the new millennium, making it one of the most dynamic sectors of the global economy. Several developing countries have taken advantage of their skilled workforce and lower labor costs to enter the market for offshored services. Their early success has demonstrated the importance of this sector as a potentially powerful engine of economic growth and human development.

⁶TD/B/COM.1/EM.29/2.

⁷UNCTAD/DITC/TNCD/2005/15.

⁸UNCTAD/DITC/TNCD/2005/2.

37. Assistance to developing countries on GATS and regional trade agreements continued to be provided to Geneva-based delegations, especially LDCs, and to countries with economies in transition, especially on the request/offer negotiations under Article XIX of the GATS, and on rule-making negotiations. Specialized group training has been also provided on negotiating skills in the area of services, both in Geneva and in countries. Monitoring the negotiations in the WTO and undertaking examination of different proposals, both on specific commitments and concerning rule-making, in the areas of domestic regulation, and also in subsidies have been important part of this work. Customized assistance has been provided to individual delegations upon request, and also collectively to a number of developing countries concerning some issues of their common interest. Assistance has been provided during regional meetings of groupings, in particular for SADC, Andean Community, Land-Locked Developing Countries, ASEAN, African Group and Latin American regional meetings. Special assistance was provided to ASEAN countries and to some Arab countries on energy services.

38. Specific work was undertaken by UNCTAD in the area of financial services in assessing the opportunities that developing countries may have in liberalization of these services in developed country markets under the GATS. In addition, the impact of adopting alternative approaches in the on-going multilateral negotiations under the GATS in the context of liberalization of banking services in developing countries was analysed.

39. On development analysis of GATS rules and domestic regulation, the analytical work continues in the area of data and information gathering in the area of subsidies and state support measures. Such work focused on domestic regulations since it has emerged as important component in a number of sectoral studies, including professional services, distribution and insurance services. UNCTAD completed a report on "*Domestic Regulation and the GATS: Challenges for Developing Countries*". It discusses the possible issues arising in the application of future disciplines on domestic regulations. Multilateral disciplines on domestic regulation need to incorporate meaningful special and differential treatment for developing countries taking into consideration their development needs and institutional and regulatory capabilities.

VI. TRADE, ENVIRONMENT AND DEVELOPMENT

UNCTAD should continue its policy-oriented analysis, consensus building and capacity building activities, with the support of the donor community, in the areas of trade, environment and development, and in particular:

(a) Further develop the Consultative Task Force (CTF) on Environmental Requirements and Market Access for Developing Countries, as a project-based activity, and encourage interested member States to participate actively in relevant country- and sector-specific CTF activities;

(b) Strengthen its work under the BioTrade Initiative, in particular national BioTrade Programmes, and follow up partnerships launched at the World Summit on Sustainable Development and at UNCTAD XI to promote trade, export diversification and investment in biotrade;

(c) Assist developing countries to make use of the trade and investment opportunities arising from the Kyoto Protocol, including the Clean Development Mechanism (CDM), as a project-based activity;

(d) Continue and strengthen its work on environmental measures affecting trade of developing countries, and in the area of environmental goods and services;

(e) Assist developing countries in identifying tariffs and regulatory measures affecting trade in renewable energy goods and equipment, in ascertaining which developing countries have – or can develop – the capacity to supply components for such equipment, and in their possible inclusion under the mandate provided for in paragraph 31(iii) of the Doha Ministerial Declaration;

(f) Continue exploring trading opportunities for environmentally preferable products; the Commission welcomes the work carried out by the International Task Force (ITF) on Harmonization and Equivalence in Organic Agriculture of UNCTAD, FAO and the International Federation of Organic Agricultural Movements (IFOAM).

40. *Action:* At its first substantive session in early November 2004, the Consultative Task Force (CTF) on Environmental Requirements and Market Access for Developing Countries, decided to launch the two following clusters of activities: (1) to conduct an in-depth feasibility study to create an online portal that guides users in developing countries on, and facilitates access to, existing online information clearinghouses on mandatory and voluntary environmental requirements (ERs); and (2) Sector-focused project activities on pro-active adjustment strategies to meeting ERs in export markets of electrical and electronic equipment (EEE) and horticultural products. The activities facilitated exchange of national experiences on pro-active adjustment strategies to comply with new ERs in key export markets such as China, Malaysia, the Philippines and Thailand, the four countries that account for almost half of total EEE imports of OECD countries (excluding intra-EU trade). UNCTAD and UNESCAP in Bangkok jointly organized the first workshop on general aspects of strategic adjustment policies on 25–27 May 2005.

41. As regards horticultural exports, the CTF's sector-level activities are aimed at analysing pro-active adjustment approaches to new private sector supply chain requirements which were introduced in response to regulations on more stringent maximum residue levels (MRLs) for pesticides, product traceability, and hazard analysis and critical control points (HACCP) in key export markets.

42. CTF activities focus on EurepGAP, a harmonized standard which may gradually replace multi-tier standards; the latter present market entry hurdles and significant cost factors, in particular for producers from developing countries. CTF activities review the question of how national circumstances (regulatory, agronomic and social) and developmental priorities in developing countries can be reflected in EurepGAP-benchmarked national codes on good agricultural practice (GAP). These activities encourage stakeholder dialogue at the national and sub-regional level on national GAPs and pool expertise of other relevant institutions, in particular FAO, UNESCAP and GTZ. Benchmarking national GAP codes are of strategic importance in bringing about the harmonization of private sector standards. They assure a degree of predictability, transparency and consistency to developing country suppliers to further develop and apply the "rules of the game", and encourage the setting up of local certification bodies that can reduce certification costs.

43. CTF country-case studies were prepared for Ghana, Kenya, Uganda in Africa; Argentina, Brazil, Costa Rica in Central and South America, and for Malaysia, the Philippines, Thailand and Viet Nam in South-East Asia. These country-case studies were discussed at two sub-regional stakeholder workshops, one for Central and South America

(Rio de Janeiro, 8-10 December 2005), and the other for South-East Asia (Manila, 28-29 December 2005). A sub-regional workshop for Africa is planned for early March 2006.

44. Under the BioTrade Initiative, technical assistance was provided to initiate new National BioTrade Programmes in Costa Rica, spearheaded by INBio (Instituto Nacional de Biodiversidad), and Uganda, coordinated by the Uganda Export Promotion Board where a BioTrade Unit was created. Moreover, in February 2005, the BioTrade Facilitation Programme (BTFP), in cooperation with the Swiss Trade Promotion Organization (SIPPO) launched activities in Viet Nam in support of the trade of natural ingredients derived from the sustainable use of biodiversity. An exploration phase enabled the identification of export potential in natural ingredients native to Viet Nam's biodiversity, this was followed by the delivery of technical assistance to strengthen the capacity of SMEs to access the European market.

45. The New Ventures Biodiversity Investor Forum has proven to be an effective vehicle to bring together key public and private stakeholders engaged in promoting concrete bio-businesses and attract additional investments for sustainable development. The most significant achievements to date includes selecting the ten best business proposals received (160 proposals were sent in), among enterprises willing to participate in the New Ventures Forum. The Forum took place in Lima (Peru) from 3 to 4 June 2004, with the participation of around 200 entrepreneurs, policymakers, export promotion agencies, international organizations, and investors.

46. UNCTAD through the BioTrade Facilitation Programme (BTFP) assists export promotion, market access, and sustainable use and investment in biodiversity-based products and services. BTFP activities in 2004 and the first half of 2005 focused on supporting value chains of selected biotrade products in developing countries, which were chosen based on their potential contribution to the sustainable use and conservation of biodiversity. Moreover, UNCTAD in cooperation with CBI and SIPPO supported the participation of BTFP beneficiaries in various trade fairs including in cosmetics (Milan, April 2004), Vitafoods (Geneva, May 2004), Health Ingredients Europe (Amsterdam, November 2004), the CPhI (Brussels, December 2004) and the Personal Care Ingredients (Paris, April 2005). In 2005, BTFP invited the National BioTrade programmes to discuss and agree on basic biotrade principles and criteria that might be used for selecting bio-businesses. The programme also formulated studies on certain European trade legislations and standards such as the *European Novel Food Regulation*, and the *Registration, Evaluation and Authorization of Chemicals - REACH*. Additionally, UNCTAD, ICTSD and SPDA held a meeting on 21 and 22 November 2005 to discuss the appropriateness of applying distinctive signs to biotrade products.

47. UNCTAD secured financial support from the United Nations Foundation (UNF) in 2005 to undertake the initial implementation of the Andean BioTrade Programme, under discussion since 2002. As a result of this partnership, biodiversity has increasingly taken an important place in the region's policy agenda. UNCTAD also obtained financial support from UNF to develop the initial stages of the Brazil BioTrade Partnership. UNCTAD secured financial support from UNF to initiate the activities foreseen under the formulation phase of the Amazon BioTrade Programme, spearheaded by the Amazon Cooperation Treaty Organization (ACTO). The Amazon countries will initially formulate country-specific assessment studies on the state of trade in biodiversity-based products and services and discuss their results with key stakeholders, with a view to developing a regional proposal for the Amazon programme.

48. UNCTAD's project on the Clean Development Mechanism (CDM) in Least Developed Countries (LDCs) promotes CDM investment opportunities by supporting the establishment of operational public-private entities in developing countries, with a view to facilitating CDM project development and lower transaction costs associated with CDM projects. In helping LDCs to get started with CDM, the project aims to engage national stakeholders and CDM-designated national authorities to strengthen the capacity of national CDM agencies to develop a portfolio of CDM projects. Activities under this project took place in the United Republic of Tanzania and will be replicating it in other LDCs, resources permitting.

49. UNCTAD joined efforts with the Banco Nacional de Desenvolvimento Economico e Social (BNDES - Brazilian National Bank for Economic and Social Development) to collaborate in providing technical assistance to the Inter-Ministerial Commission on Climate Change, the national focal point in Brazil for climate policymaking. UNCTAD's component in the project aims to promote and facilitate CDM investment projects in Brazil as part of the national implementation of the Kyoto Protocol. Among the important results of this partnership is the publication (in English and Portuguese) of a basic CDM implementation guide for potential domestic and foreign investors and policymakers.

50. At the Expert Meeting on New and Dynamic Sectors of World Trade (7-9 February 2005), UNCTAD was requested to give particular attention to work on bio-fuels, "including further research, analysis, technical cooperation and consensus building". UNCTAD therefore launched the BioFuels Initiative in June 2005 with initial support from the UNF and in partnership with the International Energy Agency, FAO, UNEP-Risoe and other UN agencies. The BioFuels Initiative aims to assist developing countries to make the most of their bio-energy potential by building capacity in the production, use and trade of bio-fuels, as well as by raising public and private sector awareness of the challenges and opportunities of increased biofuel use. It will also promote ways of generating new investments, such as the CDM. Country and sectoral assessments will be initially prepared for a small group of countries by using a common methodology in assessing bio-fuels potential and fostering greater bio-fuels deployment.

51. Regarding environmental measures affecting trade of developing countries, at the end of 2005 UNCTAD completed a three-year project on strengthening analytical and institutional capacity in adjusting to, and complying with, more stringent environmental and related health requirements. This project targeted six countries in East and South-East Asia (Bangladesh, Cambodia, China, Philippines, Thailand, and Viet Nam), and eight countries in Central America and Spanish-speaking Caribbean (Costa Rica, Cuba, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua and Panama). In Asia, the activities included analytical work and stakeholder dialogues on environmental requirements and market access in the electrical and electronic goods, leather and footwear and horticultural products' sectors. In Central America, activities focused on facilitating market access for organic products. Both series of activities provided useful background to and input into the launching of UNCTAD's new Consultative Task Force on Environmental Requirements and Market Access for Developing Countries. Also, UNCTAD and several beneficiary countries (China, Thailand, Cuba, Costa Rica, and the Dominican Republic) regularly reported to the WTO Committee on Trade and Environment on the findings of the sector-level activities. At the regular session of the WTO CTE on 6 July 2005, UNCTAD was invited to make a presentation on key findings of the sector- and country-focused activities of the project.

UNCTAD implemented activities to build up the capacity of developing countries to address the negotiating mandate in paragraph 31(iii) of the Doha Ministerial Declaration of the WTO on the liberalization of international trade in environmental goods and services. Alone and with UNEP, in the context of the CBTF, UNCTAD conducted a number of national (Philippines, Honduras, Nicaragua, Cuba) and sub-regional workshops (Dominican Republic, Peru, Nicaragua), as well as advisory missions (China and Jordan) to help developing countries deal with technical issues relating to product coverage, negotiating modalities and any implementation problems that customs administrations may have to handle. These activities have been useful in promoting a better understanding of the proposals submitted to date in the WTO CTE Special Session.

52. The 5th meeting of the International Task Force on Harmonization and Equivalence in Organic Agriculture (ITF)⁹ was held in Hammamet, Tunisia, from 5–7 December with the participation of governmental and non-governmental stakeholders from more than twenty countries currently participating in the ITF, as well as representatives from WTO, OECD, UNEP, and UNECE, the private sector, including certification bodies, accreditors, trade, and international NGOs. The ITF has identified the criteria for the assessment of solutions for harmonization of regulation of the organic sector; three main areas for attention as: (a) rationalization of standards; (b) the rationalization of conformity assessment requirements at the certification level; and (c) the rationalization of the approval mechanism of conformity assessment bodies (CABs). In the framework of the UNEP-UNCTAD CBTF several activities have been carried out to promote the production and export of organic agriculture (OA) products from developing country.¹⁰

53. A new CBTF project “Promoting Production and Trading Opportunities for Organic Agricultural Products in East Africa” commenced in October 2005 following national and sub-regional consultations in Kenya, the Republic of Tanzania and Uganda in September and October 2004 and July 2005. The project aims is to contribute to sustainable rural development, food security and poverty reduction in the three countries by promoting the production and export of organic agricultural products, and regional cooperation in this sector.

54. In support of Central America and Spanish-speaking Caribbean countries, UNCTAD has assisted policy dialogues and commissioned a number of case studies to examine opportunities for expanding the production and exports of organic agricultural products, as well as to identify appropriate policies at national and regional levels in support of such efforts. The results of these activities as well as recommendations resulting from these activities were discussed at a regional workshop on environmental requirements, market access and export opportunities for organic products in March 2005 in San José, Costa Rica.

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⁹ In response to the trade difficulties generated by the plethora of organic regulations and standards, UNCTAD has joined forces with FAO and IFOAM to launch in February 2002, the International Task Force on Harmonization and Equivalence in Organic Agriculture (ITF). The ITF is an open-ended platform for dialogue between private and public institutions involved in regulatory activities in the organic agricultural sector aimed at facilitating international trade and providing access to developing countries to international organic agriculture markets.

¹⁰ For example, an international workshop on organic agriculture was held in Brussels in February 2002, and the subject of organic agriculture was addressed at the CBTF workshop for Caribbean countries held in Kingston, Jamaica in 2003.