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**Report of the Commission on Enterprise,  
Business Facilitation and Development  
on its eighth session**

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## Chapter I

### **Agreed recommendations adopted by the Commission at its eighth session**

#### **Improving the competitiveness of SMEs through enhancing productive capacity**

1. The Commission took note of the secretariat documents and activities reports for 2003. It recognized the contributions of the secretariat in the areas of international transport and trade facilitation, e-commerce and improving the competitiveness of the small and medium-sized enterprises (SMEs) of the developing countries, in particular the least developed countries. The Commission also recognized that these contributions could provide inputs for UNCTAD XI.
2. The Commission agreed that strengthening the competitiveness of domestic enterprises, particularly SMEs, is a vital element for developing countries to improve their ability to participate in international trade and to benefit from investment opportunities so as to achieve the internationally agreed development goals of the Millennium Declaration.
3. Over the past four years the Commission on Enterprise, Business Facilitation and Development has analysed various policy options at the national and international levels for growing and strengthening SMEs in developing countries. The UNCTAD secretariat should continue this work and consolidate the key findings in order to provide an enterprise development policy blueprint for developing countries and take it forward to UNCTAD XI.
4. The Commission requested the UNCTAD secretariat, within its mandate and whenever appropriate in coordination with other relevant international bodies, to continue its work on policy analysis, technical assistance and capacity development in the field of enterprise competitiveness, focusing on enhancing the export competitiveness of SMEs, including through possibilities of linking up to international supply chains as well as backward and forward linkages.
5. The work of the UNCTAD secretariat on SMEs should be continued through its Empretec programme, including with regard to business skills development.

#### **Efficient transport and trade facilitation to improve participation by developing countries in international trade**

6. Given the long-term nature of the problems addressed in the area of transport and trade facilitation, UNCTAD should continue its work in the implementation of the recommendations adopted by the Commission at its seventh session, and more specifically, it should:
  - Continue to review and analyse developments relating to efficient transport and trade facilitation, including multimodal transport and logistics services, as well as to the transfer of know-how and technological and managerial capabilities, and examine the implications thereof for developing countries;
  - Continue to provide guidance and assistance to developing countries on the use of information and communication technologies for international transport services and for trade facilitation, in particular through the Advance Cargo Information System (ACIS) and the Automated System for Customs Data (ASYCUDA) programmes;

- Review and analyse the impact of security initiatives on the international trade and transport of developing countries, including the technical and financial implications, and contribute to discussions on that subject;
- Cooperate with other intergovernmental organizations in their work relating to the development of international legal instruments affecting international transport and trade facilitation, including multimodal transport; disseminate information on their implications for developing countries; and provide negotiating assistance to developing countries as appropriate, with attention to the ongoing work related to the Doha work programme in the World Trade Organization;
- Continue to analyse developments and provide assistance to developing countries in the area of trade facilitation. In this context, particular attention should be paid to the implementation of the Almaty Plan of Action and the identification of needs and priorities of developing countries in the area of trade facilitation.

### **Electronic commerce strategies for development**

7. It being recognized that a variety of international organizations bring different competencies to the issue of information and communication technologies (ICT) for development, within its mandate and in continued coordination with other relevant UN agencies, UNCTAD should:

- Continue to conduct research and policy-oriented analytical work concerning the economic implications for developing countries of trends in the field of ICT and the latter's business applications, particularly in sectors of interest or potential for developing countries. It should also review and disseminate information about international discussions on issues related to the technological, commercial, legal or financial aspects of ICT, e-business and e-commerce;
- Assist developing countries in building their capacity to formulate and implement the economic components of their national e-strategies for development. In so doing, it should be actively involved in the implementation of the Action Plan and follow up the Declaration of Principles adopted at the first phase of the World Summit on the Information Society (WSIS). It should also undertake research and produce relevant studies to highlight key development aspects of pending issues to be discussed at the Tunis phase of the Summit;
- As part of its work to support ICT-related policy-making in developing countries, continue and develop in close cooperation with other international organizations its ongoing work in the area of the statistical measurement of ICT adoption and use by enterprises and households. In particular, it should contribute to, and coordinate, efforts undertaken nationally, regionally and internationally to establish a set of internationally comparable ICT statistical indicators. Such work should be designed to contribute to the monitoring of progress between the first and second phases of the WSIS and beyond;
- Continue to provide a forum for the international discussion of ICT-related policy issues relevant to economic development, facilitate the exchange of experiences in the field of the economic applications of ICT and ensure the inclusion of the development dimension in international discussions on such matters.

### **Resources**

8. The Commission requested the secretariat to strengthen its efforts with a view to diversifying and increasing extrabudgetary resources.

## Chapter II

### Opening statements

1. The **Secretary-General of UNCTAD** said that one of the main concerns of developing countries with respect to their participation in multilateral trade was the lack of competitiveness. UNCTAD's work focused on the public policies that would facilitate the improvement of business competitiveness and contribute to a general reduction of transaction costs, including those influenced by transport infrastructure and systems and the use of information and communication technologies (ICT). Also, UNCTAD should further explore policies that would strengthen the capacity of developing country enterprises, especially small and medium-sized enterprises (SMEs), to export.

2. For developing countries to benefit from international trade and investment opportunities, more emphasis needed to be placed on solving the supply-side constraints of developing countries – that is, strengthening the enterprise sector. Governments played an important role by providing a stable macroeconomic framework and by introducing appropriate laws and regulations to create an enabling environment for enterprises, but from that point onwards it was the role of the enterprise that mattered in terms of diversifying production and moving up the technology ladder to more-value-added products. Furthermore, each country would have to devise a strategy for supporting enterprise competitiveness that was adequate for its own needs, taking into account its advantages and endowments.

3. The successful participation of developing countries in international trade would largely depend on their capacity to build up efficient trade and transport infrastructure and services that would reduce transaction costs. This was because the process of globalization was closely linked to technological changes in transportation, as well as to business practices and operational patterns. In particular, the exponential growth of containerization and the widespread use of multimodal transport required an appropriate legal and regulatory framework to complement the enabling environment for business and investment. The practical problem facing many countries was the highly disjointed and ineffective coordination of the elements that make up trade-supporting infrastructure. Overall, there was a need to develop modern policies, administrative arrangements and management practices that bridge institutional and organizational disparities and inconsistencies.

4. He underlined the new challenges to enhance transport security that had emerged in the last few years. In this context, he recalled the multilateral approach promoted by the United Nations General Assembly in a recent resolution, namely that security measures would need to be taken in a manner that disrupted normal trade and related practices as little as possible. For many developing countries the financial costs and the technical expertise required, together with the tight time frame for compliance, were a significant concern. There was therefore a need for assistance and guidance in the implementation of those measures. In that connection, he announced the starting of a major trade logistics programme in Afghanistan as part of the overall rehabilitation of that country by the international community.

5. The Secretary-General highlighted the cross-cutting nature of ICT, which were fundamental to the improvement of the competitiveness of SMEs. The efficiency of ICT use in business in developing countries depended not only on access to infrastructure and technology, but also on increased awareness of the potential of ICT and the development of adequate legal frameworks for e-business. He informed delegates about UNCTAD's involvement in the World Summit on the Information Society and the preparation for the second phase, to be held in Tunis in 2005. ICT could also play an important role in south–south cooperation, as had been demonstrated at the recent G-77

High-Level Conference in Marrakesh (December 2003). UNCTAD would continue to contribute to the dissemination of best practice on national ICT strategies and support countries in developing their ICT policies.

6. The representative of **Ireland**, speaking on behalf of the **European Union and the EU acceding countries (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia)**, welcomed the fact that UNCTAD had identified concrete policy options in its work on enterprise competitiveness. These built on an analysis of entrepreneur categories, how they functioned and the means of facilitating transition from the informal to the formal sector, and provided a key resource for reference in the field. The EU was pleased that in the context of the Empretec programme a training methodology for women entrepreneurs had been developed, and encouraged UNCTAD to continue in its role as lead agency of the UN Task Force on Gender.

7. The secretariat's reports concerning transport and trade facilitation were timely. They reviewed a number of key developments and changes in the global landscape to which developing countries were having to respond. The regulatory, security and adjustment challenges facing these countries were well described and the contribution of ICT to solving these challenges was highlighted. Also, she recalled the support of the EU for UNCTAD's technical assistance programmes such as the Advance Cargo Information System (ACIS) and the Automated System for Customs Data (ASYCUDA).

8. The EU considered that the Expert Meeting on Measuring Electronic Commerce, held in September 2003, constituted a service to member countries and that the resulting work on ICT indicators had enormous potential with regard to the measurement of progress in this area. It also recognized the important UNCTAD contributions to the United Nations ICT Task Force and the World Summit on the Information Society in helping to put the potential and knowledge of ICT at the service of developing countries, including through UNCTAD's *E-Commerce and Development Report*.

9. The representative of **Brazil**, speaking on behalf of the **Group of 77 and China**, said that SMEs were a vital component of a well-designed and effective development strategy since they comprised the bulk of the economy in developing countries and were essential for poverty reduction, production diversification and widening the export base. It was important to create a propitious environment for the private sector, but the appropriate role for Governments would vary from country to country. On the issue of financing for SMEs, he emphasized the importance of official development assistance for many developing countries. He also noted that to complement national efforts to promote SMEs, adjustments were needed in the multilateral trading system, especially with regard to the Agreement on Subsidies and Countervailing Measures and the Agreement on Trade-Related Investment Measures. Furthermore, developed countries could support SMEs in developing countries through reductions in tariffs and other barriers to trade.

10. He stressed the essential role of transport and trade facilitation issues in the development process of all countries, particularly that of developing countries. The costs of transport and those related to compliance with trade control procedures had become more significant barriers to market entry than tariffs. With reference to the Expert Meeting on the Development of Multimodal Transport and Logistics Services, he emphasized that access to multimodal transport and logistics services was crucial for the competitiveness of enterprises in the global economy and that many developing countries, notably small-island, landlocked and least developed countries, had only limited access to these services. He stressed the need for further research on multimodal transport and for guidelines on

best practices for transport and trade facilitation. On the question of enhancing maritime and port security, he underlined the importance of a global coordinated approach for the development and implementation of such measures. He noted the high cost of some security measures and the fact that some countries might not be able to bear them, and that multilateral assistance would therefore be needed to overcome these problems.

11. He noted the symbolic timing of the Commission's session – between the World Summit on the Information Society (WSIS) and UNCTAD XI – and confirmed the satisfaction of the G-77 and China with UNCTAD's work on ICT. In particular, UNCTAD should pay attention to the threat of digital marginalization for developing countries. In this respect, it should monitor and analyse progress made between the two phases of the WSIS and contribute to the implementation of the WSIS Plan of Action. The Group of 77 and China supported policies to promote the use of free and open source software, and welcomed international initiatives launched at the WSIS, such as the attempt to create a Digital Solidarity Fund.

12. The representative of the **Islamic Republic of Iran**, speaking on behalf of the **Asian Group**, said that international support for building productive capacity in developing countries needed to be further developed, while room was also provided for the pursuit of development-focused policies in areas such as investment, technology transfer and upgrading and building of domestic productive capacity at the enterprise level. This also required policy space and flexibility with regard to multilateral commitments. UNCTAD should continue and strengthen its work on policy analysis, technical assistance and capacity building in the field of SME competitiveness.

13. ICT were enablers of growth in the competitiveness of SMEs. ICT-supported gains should be fostered so that countries could bridge the digital divide and developing countries in particular could increase their participation in the global value chain. UNCTAD should continue to promote competitiveness, namely through technical assistance and assistance for the development and implementation of national ICT policies. It should also contribute to monitoring trends in ICT applications in specific economic sectors.

14. The representative of **Cuba**, speaking on behalf of the **Group of Latin American and Caribbean countries** (GRULAC), noted the important contribution of SMEs to the economies in those countries and stressed that it was important to find new ways of generating growth and enhancing the competitiveness of enterprises in the region. He also stressed the importance of micro-level policies focusing on practical ways to strengthen productive capacity. Furthermore, he emphasized the opportunity provided by the Commission's session to contribute to the UNCTAD XI theme on building productive capacity and international competitiveness. He also drew attention to the UNCTAD XI side event, namely Empretec XI, which was expected to bring at least 3,000 entrepreneurs to Brazil.

15. He explained the importance of compliance with security requirements since a large proportion of Latin American and Caribbean countries' export trade was with the US market. He highlighted the concerns regarding the timely implementation of security measures and the need for considerable investments in equipment, software and training. On the issue of the use of ICT, he noted that in addition to improving the efficiency of international transport services and logistics chains, the use of those technologies could improve risk management practices in customs as a central element to improve supply chain security, facilitate customs passage and enhance customs revenue collection. He also underlined the importance of multimodal transport for the Latin American and Caribbean region, and the lack of an international liability regime, which had resulted in the emergence of several

regional initiatives to prepare legal frameworks. He expressed support for the work of UNCTAD in this area.

16. ICT development strategies and policies in developing countries should take into account national economic realities and interests, and specific incentives for ICT were required, such as financial support for ICT projects, and support for ICT literacy and e-business training. Furthermore, national legal and regulatory frameworks must be adapted to accommodate e-commerce and e-business practices. UNCTAD should continue to provide developing countries with policy-making assistance in the area of e-commerce, including guidance on ways to create an environment conducive to the functional development of e-business. GRULAC welcomed the results of the Expert Meeting on Measuring Electronic Commerce, held in September 2003, and the establishment of an on-line platform for sharing expertise and information on ICT indicators. He reiterated GRULAC's support for the WSIS Plan of Action for the promotion of ICT applications in e-business with a view to supporting the equitable access of developing countries to markets and sustainable development. Finally, GRULAC suggested that the issue of e-governance should be considered as a topic for future Expert Meetings, with a view to contributing to concrete proposals for action on e-governance at the second phase of the WSIS, to be held in Tunis in 2005.

17. The representative of **Senegal**, speaking on behalf of the **African Group**, noted that it was in Africa that the supply-side constraints hindering the ability of developing countries to benefit from international trade opportunities were perhaps the most severe. There was an urgent need to find ways to strengthen and diversify the productive sector in Africa. He also noted the important contribution of the Empretec programme in strengthening the enterprise sector and in promoting a culture of entrepreneurship.

18. He highlighted the considerable importance of developing transport infrastructure and services to avoid further marginalization of the international trade of African countries, whose share of the value of world exports had dropped to 2.4 per cent in 2001. The plight of these countries was evidenced by the fact that the total freight costs for African imports were 50 per cent higher than for Asia and Latin America. However, private–public partnerships were already in place in some ports and sections of railways networks, with increases in efficiency reported. Similar schemes were under consideration in other countries. He considered that the implementation of transport and trade facilitation measures would assist in reducing transit delays and costs, in particular for the landlocked countries. Furthermore, the use of ICT for implementing those measures had helped to improve operations, reduce transport costs and promote transparency amongst commercial partners. On the question of security and the implementation of the International Maritime Organization's International Ship and Port Facility Security Code (the ISPS Code), he believed that a number of African countries would be unable to meet the deadline that had been set. He acknowledged the positive impact of UNCTAD's technical assistance and asked for an expansion of these programmes in order to accelerate the trade and economic development of African countries.

19. He expressed appreciation for initiatives such as ASYCUDA and ACIS, which were positive examples of the application of ICT and an attempt to redress one aspect of the digital divide highlighted at the WSIS. The African Group recognized that ICT were important for social and economic development, but that a better understanding of the limits of their impact was needed. With respect to the WSIS Plan of Action, the African Group expressed its desire that UNCTAD follow up on this and help the African countries prepare for the second phase of the Summit. The Digital Solidarity Fund, which had not been created during the Geneva phase of the WSIS, would still be necessary in order to increase access to and use of ICT in the continent. Referring to the Expert



Meeting on Measuring Electronic Commerce, he emphasized the need for UNCTAD to implement the recommendations that had emerged from that meeting.

20. The representative of **Benin**, speaking on behalf of the **least developed countries (LDCs)**, noted that it was a priority to find ways of strengthening and diversifying economies in LDCs. The productive capacity in those countries was generally weak, and therefore national efforts to support the development of a competitive enterprise sector needed to be supported by international partners. Also, the debt burden in many countries was absorbing valuable resources from private sector development and debt relief measures therefore needed to be given further consideration.

21. Those countries, many of which were landlocked, were the most negatively affected by high transport costs. They were burdened by excessive debt, and were thus unable to maintain or modernize their limited transport infrastructure. They considered that trade and transport facilitation measures could improve the present situation and that the utmost importance would need to be given to transit agreements. The recent security measures were seen as an additional barrier to surmount and for which investment in equipment and human resources was badly needed.

22. It was important to increase the participation of LDCs in international discussions on ICT and the information economy. LDCs valued the attention that UNCTAD was giving to the digital divide, and to helping them avoid further marginalization in respect of international trade by identifying economic opportunities resulting from the use of ICT. Also, it was necessary to reconsider the Digital Solidarity Fund initiative proposed at the World Summit on the Information Society.

### Chapter III

## Improving the competitiveness of SMEs through enhancing productive capacity

(Agenda item 3)

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

“Policy options for strengthening SME competitiveness” (TD/B/COM.3/58)

“Report of the Expert Meeting on Policies and Programmes for Technology Development and Mastery, including the Role of FDI” (TD/B/COM.3/56 - TD/B/COM.3/EM.18/3)

### Chairperson’s summary

24. A representative of the secretariat introduced the key substantive issues for the Commission to discuss under the agenda item and emphasized their relevance for UNCTAD XI theme II on “Building productive capacity and international competitiveness”. She also presented the issues note entitled “Policies and programmes for strengthening SME competitiveness” (TD/B/COM.3.58), prepared by the secretariat, which sets out the key areas of enterprise policy that have been examined by the Commission since UNCTAD X and provides concrete policy options on them.

25. The report of the Expert Meeting on Policies and Programmes for Technology Development and Mastery, including the Role of FDI was presented by the Chairperson of the Expert Meeting. The meeting examined policies and programmes that Governments could consider in order to improve competitiveness and to upgrade their technological development. It found that key drivers are governance, skills, technological effort, technology transfer and infrastructure. Only a handful of developing countries, most of which are located in East Asia, have improved their standing relative to other countries. There is, however, no single East Asian model that encompasses all the countries of the region. All possible variations and approaches in terms of government strategy and levels of intervention can be found in East Asia. Nevertheless, the following factors were identified as critical for the success of East Asian economies: (a) the vision and commitment of the Government; (b) skills training; (c) attracting export-oriented foreign direct investment (FDI); (d) support for local industry; and (e) local technological efforts in terms of research and development (R&D). The critical question was what lessons could be learned by other developing countries from the success of the East Asian economies. It was concluded that the principles underlying the success of Asian countries provide important guidance to policy makers in other countries, even if they cannot be automatically replicated.

26. Another aspect that the Expert Meeting considered was the related question of how entrepreneurship contributes to competitiveness. A survey by Global Entrepreneurship Monitors on entrepreneurial activity found that countries differed greatly with regard to the level of entrepreneurial activity, with developing countries often leading the way compared with developed countries. The survey distinguished between two types of entrepreneurs: opportunity entrepreneurs and necessity entrepreneurs. The latter became entrepreneurs because they had no other means of earning their livelihood, while the former identified business opportunities and pursued them. There were also “high potential entrepreneurs”, namely entrepreneurs who aim to achieve high levels of growth for their business. The results of the survey showed that although such entrepreneurs are very rare, they

play a very important role in creating new jobs, sales and exports and also have an important role in pushing the country up the technology ladder. One of the conclusions of the discussions was that it is important for policy makers to distinguish between the different types of entrepreneurs and to design different types of policies for them.

27. The Expert Meeting also discussed the interface between technology policies and WTO commitments. What emerged from this discussion was that very few of the policies considered were completely immune to countervailing measures, especially if they resulted in increased exports that affected someone else's market. It was therefore important that developing countries become more active in the different forums of the WTO so that their concerns are taken into account when trade rules are discussed.

28. The report on the Expert Meeting was followed by an interactive panel discussion on national competitiveness policies and international commitments. The first panellist discussed the enhancing of enterprise development and competitiveness in Mauritius. The country has managed to diversify its productive sector to new areas through a range of incentives and support schemes for small and medium-sized enterprises (SMEs) the key elements of which are the following: low corporate tax; preferential loans to enterprises through the Development Bank of Mauritius; a reduced rate of interest and the possibility of introducing an interest bonus scheme for SMEs; grant schemes for potential entrepreneurs for feasibility studies; export support schemes to assist SMEs with regard to overseas fairs/marketing; a training refund of up to 70 per cent of expenditure; grants for R&D projects; reduced cost of international calls and the Internet after liberalization of the telecommunications sector; issuance of temporary work permits to overseas workers in selected sectors; setting up of a Textile Emergency Support Team (TEST) to help textiles enterprises improve in areas such as production, marketing, finance and strategic planning; streamlining of permits required for the launching of new enterprises; the Export Credit Guarantee Insurance Scheme to boost exports, particularly to difficult markets in the countries of the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA); and increased focus on SMEs with the creation in December 2003 of a ministry responsible for them. Moreover, the continued economic development of Mauritius depends to a great extent on the WTO's recognizing that small island economies should be treated differently.

29. The next panellist discussed the role of SMEs in WTO law and policy. He noted that WTO rules are generally neutral and supportive of SMEs, but could be further developed in a number of areas, such as technology development and finance, especially with regard to non-actionable subsidies; the agricultural sector, especially with a view to creating framework conditions for niche products, such as protection of geographical indications and protection of traditional knowledge; competition rules; government procurement; and trade facilitation. He noted that from a traditional trade policy perspective, subsidies are per se considered distortive, but from the point of view of innovation, they are important for remedying market failures in R&D. R&D assistance is subject to actionable subsidies. Public financing is possible, but subject to complaint in the event of trade-distortive effects. This results in a lack of legal security and the possibility of procedural harassment. Therefore, Governments could consider going back to the "traffic lights" approach with regard to the Agreement on Subsidies and Countervailing Measures. He also highlighted the Agreement on Agricultural Subsidies (Annex 2) as a good example of ways of providing subsidies in other sectors too. Finally, he encouraged developing countries, particularly least developed countries, to revise their views relating to the so-called Singapore issues, which could be beneficial for their development.

30. The third panellist provided comments on the report of the Expert Meeting and on the issues note prepared by the secretariat, and made some suggestions with regard to UNCTAD's future work.

He noted that in addition to WTO law and policy, other international norms had an impact on SME competitiveness, and singled out the proposed Basel II Capital Accord of the Bank for International Settlements. He noted that estimates in Asia indicated that the costs of financing for SMEs could increase dramatically. With regard to future work for UNCTAD, he said that business skills development for SMEs should be continued, particularly under the Empretec programme, and expanded to combine business development services and financial services for SMEs and SME and large-enterprise ventures. UNCTAD's work could also focus, within FDI policy analyses, on how far business linkages and local firms, including SMEs and SME clusters, could have access, with the support of public authorities, transnational corporations and providers of business development services, to cost-effective incentives for upgrading their production capacities.

31. In the discussions that followed more details were requested to explain the success of Mauritius. Questions were also asked about how the balance between FDI and local enterprises had been achieved in Mauritius and what specific government actions it required. One delegate questioned the feasibility of interest bonus schemes since they distorted markets. With regard to WTO Agreements, some delegates noted that developing countries were hesitant to engage in negotiations on competition policies and other Singapore issues as the outcome of these negotiations was unclear and there was a fear that they could further reduce policy space.

32. The briefing on Empretec focused on the work carried out by the Empretec coordination unit in Geneva after the external evaluation requested by the Working Party had been presented. In September 2000 a team of external evaluators had provided a set of recommendations in order to improve the effectiveness of the Empretec programme and to better meet the expectations of programme stakeholders. In particular, the evaluation report recommended that two issues of strategic importance be focused on: operational (financial) sustainability and international networking. The Empretec team had therefore undertaken the following actions: updating of the training methodology; organization of international meetings; diversification of the portfolio of services; and development of the Empretec Management Information System (MIS), a web-based software program for benchmarking national Empretec programmes, companies and participants ([www.empretec.net](http://www.empretec.net)).

33. Thanks to the MIS the Empretec programme can now rely on a verified database of Empretec companies, a continuously updated roster of national trainers, and initial data for assessing the performance of the Empretec Centres and for monitoring the impact on the beneficiaries. The MIS will still require constant and continuous efforts by the team in Geneva to keep the system updated. Additionally, ongoing monitoring and requesting of data from the country programmes are required, especially if reports on performance and impact assessment are to be periodically prepared and presented to donors, representatives of other international organizations and Empretec directors for mutual learning and transfer of best practices among programmes. The national director of Empretec Zimbabwe, who was present at the meeting, confirmed that data on impact assessment are now crucial for both internal management purposes and external fund-raising.

## Chapter IV

### Efficient transport and trade facilitation to improve participation by developing countries in international trade

(Agenda item 4)

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

“Efficient transport and trade facilitation to improve participation by developing countries in international trade” (TD/B/COM./60)

“Report of the Expert Meeting on Development on Multimodal Transport and Logistics Services” (TD/B/COM.3/59 - TD/B/COM.3/EM.20/3)

#### Chairperson’s summary

35. In introducing the item, the representative of the secretariat said that the availability of efficient transport and logistics services was crucial for economic development. He referred to the secretariat’s background document (TD/B/COM.3/60) and highlighted some of the topics of particular relevance to transport and trade facilitation, namely security, multimodal transport and the use of information and communication technologies in transport. The rapporteur of the Expert Meeting on Development of Multimodal Transport and Logistics Services (see documents TD/B/COM.3/59 and TD/B/COM.3/EM.20/3) presented the outcome of the meeting, which had been held in September 2003 and attended by delegates from 46 countries as well as representatives of various governmental and non-governmental organizations. He highlighted the importance of economies of scale in transport operations, and the fact that they could often not be achieved by developing countries. He also indicated that various cases presented during the Expert Meeting showed how the introduction of private sector participation, combined with competitive pressures, had led to significant improvements of the transport and logistics system.

36. Two panellists launched the interactive discussion. The first panellist reviewed security risks in the context of containerized maritime transport and related measures adopted in recent years at the national and international levels. The second panellist spoke about combined containerized trade, and explained how the larger volumes of traffic helped to reduce transport costs, which in turn helped to promote trade, thus leading to further transport cost reductions. He noted that with the development of containerization and multimodal transport in recent decades, delivery times and security of goods shipped had improved dramatically while the overall cost of transport had been reduced globally.

37. With regard to the determinants and impact of transport costs, it was mentioned that for some, notably landlocked, countries, international transport costs could reach up to 100 per cent of the free-on-board value of the goods. For most trades, the average international transport costs were far higher than the importing countries’ customs tariffs. Empirical evidence showed that efficient and inexpensive transport and logistics services were crucial not only for export competitiveness but also for foreign direct investment (FDI). Export competitiveness and FDI were both increasingly necessary for countries so that they could participate in globalized production processes. Developing countries tended to export goods of a lower value per container, which implied that high transport costs per container were particularly detrimental to their exports. This was especially the case for landlocked countries, which depended heavily on relatively more expensive land transport. By contrast, where economies of scale could be achieved in sea transport, and where goods were of a relatively high unit

value, transport costs might become almost insignificant. An example of the latter case was the containerized maritime transport of wine, which cost less than US\$ 0.10 per bottle even over very long distances.

38. As regards the provision of transport services, it was indicated that for most developing countries it would nowadays be unrealistic to expect to become major players in, for example, deep-sea shipping operations, although there were notable exceptions where carriers from some developing countries were major container shipping companies. Some developing countries, notably from Asia, have become host to important port and logistics operators, which have expanded into African, European or Latin American markets. Given the globalized nature of shipping and logistics services, opportunities also existed for developing countries to provide certain components of these services nationally and internationally. With this in mind, it was noted that a significant number of developing countries had made commitments to liberalize maritime transport services in the context of negotiations under the General Agreement on Trade in Services at the WTO.

39. Concerning multimodal transport, it was emphasized that care had to be taken to ensure that developing countries were assisted in making the best use of available technologies and also, very importantly, that the preparation of a future legal framework for multimodal transport took developing countries' interests into account. UNCTAD was urged to continue its work and cooperation with other international organizations involved in the preparation of a uniform legal framework.

40. With regard to trade and transport facilitation, the high costs and associated risks of paper documents as compared with electronic documents were mentioned. Approximately five billion trade and transport documents were issued annually, and the limited use of electronic documents was due to difficulties with their negotiability, as well as an often inadequate legal framework, particularly for electronic signatures. Furthermore, inefficiencies at customs were estimated to cost several billion US dollars annually. Generally, any facilitation measure that helped to reduce delivery lead-time helped to reduce capital costs, allowing for more just-in-time deliveries, and thus helped enterprises to better participate in global production processes. In this context, trade and transport facilitation in transit countries not only helped those countries' own development but also assisted in the development of landlocked countries that depended on transit countries. UNCTAD's Automated System for Customs Data (ASYCUDA) and the Advance Cargo Information System (ACIS) were important tools for trade and transport facilitation available to developing countries. One country's delegate mentioned its positive experience in reducing ship waiting times thanks to recent facilitation measures.

41. The topic of security was discussed extensively, including the International Ship and Port Facility Security (ISPS) Code of the International Maritime Organization and its implementation deadline of 1 July 2004. Of the ports that responded to a survey by the International Association of Ports and Harbours at the end of 2003, only 21 per cent indicated that their countries had enacted legislation to implement the ISPS Code. Improving the security of international transport to reduce the risk of terrorist acts, especially the use of weapons of mass destruction, was a costly and difficult task because risks existed at each transport node and link, and a huge number of companies and individuals participated in global transport operations. By way of example, it was indicated that there were more than 40,000 registered freight forwarders and several million shippers.

42. The efforts to improve transport security were justified if the potential costs of a terrorist act were taken into account. By way of example, it was estimated that a single attack in the United States would cost several billion dollars, even without the inclusion of the costs to its trading partners. It was noted that several of the measures that helped to improve security also helped to reduce cargo theft. The latter was estimated to cost from US\$ 30 to 50 billion a year globally. Some security measures

required the provision of cargo information 24 hours before a vessel's departure, and although that entailed an additional effort by transport providers, for many companies it was in any case desirable in terms of improving their own transport operations. Other security measures, such as scanning or sealing containers, also helped to reduce smuggling or drug trafficking. In this context, it was mentioned that even with a perfectly secure door seal, containers could still be accessed by other means, as had been shown by drug trafficking.

43. The total costs and potential benefits of the new security measures were considered impossible to estimate at the present time. What was clear, however, was that smaller shippers, carriers and ports in developing countries had to comply, as did companies in developed countries. Since in many cases the costs of complying with the new security requirements were practically fixed – that is, independent of trade volumes – it became clear that smaller players had to incur higher unit costs than larger players. There was a dear risk of exclusion from certain trades if the costs of compliance became prohibitive. For other developing countries and smaller ports it could be expected that increased trans-shipment costs, which might become necessary if cargo had to pass through an approved secure port before reaching its final destination, would reduce their competitiveness. The need to deal with new security threats had led to a new role for customs. This was now an area where many developing countries required additional international cooperation in order to proceed with trade facilitation in the new international security environment.

## Chapter V

### Electronic commerce strategies for development

(Agenda item 5)

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

“E-commerce and ICT for development: Selected issues” (TD/B/COM.3/62)

“Report of the Expert Meeting on Measuring Electronic Commerce as an Instrument for the Development of the Digital Economy” (TD/B/COM.3/61 – TD/B/COM.3/EM.19/3)

#### Chairperson’s summary

45. In introducing the item, the Director of the Division for Services Infrastructure for Development and Trade Efficiency said that although there was no unanimous assessment of the long-term impact of information and communication technologies (ICT) on development, there was no doubt that the new technologies had boosted business productivity and enhanced overall economic growth. The majority of developing countries, however, were still not fully able to take advantage of ICT owing to limitations in respect of availability, infrastructure and skills. He indicated that UNCTAD’s work on e-commerce and ICT had focused on enhancing the understanding of the implications and opportunities related to ICT applications in the development of business and trade. Selected issues related to ICT for development had been analysed in the *E-Commerce and Development Report*, which had been issued on an annual basis since 2000, and at Expert Meetings. Furthermore, high-level regional conferences had helped build a consensus among policy makers on the main elements of e-commerce strategies. In this context, he drew attention to the need for continued support for the development of e-strategies in developing countries; the potential for further examination at the expert level of ICT business applications, including free and open source software (FOSS) and business process outsourcing (BPO); and the fact that the measurement of ICT in general and of e-commerce in particular continued to present a challenge. Finally, he requested the Commission’s guidance on the expected participation of UNCTAD in the follow-up to the Geneva phase of the World Summit on the Information Society (WSIS) and in the preparations for the Tunis phase.

46. On behalf of the Chairperson of the Expert Meeting on Measuring Electronic Commerce as an Instrument for the Development of the Digital Economy, held in September 2003, the Director presented a statement summarizing the main findings of that meeting. He particularly highlighted the need to develop a common set of ICT-related indicators that could be collected by all countries and would be comparable at the international level. A number of developing countries would need assistance in their efforts to monitor the spread of ICT in their countries and to adapt their statistical system accordingly. The experts had encouraged UNCTAD to continue to provide a forum to share and further develop theoretical and technical work on information economy statistics at the international level, particularly in developing countries.

47. The debate on item 5 was introduced with a presentation by a representative of the Organisation for Economic Co-operation and Development (OECD), who provided a comprehensive overview on ICT and development, the impact of ICT at the macroeconomic and microeconomic levels, and the link between policy, analysis and statistical indicators. This was followed by a



question-and-answer session with delegates. Summarized below are the contributions by the panellist and delegates during the debate.

48. Delegates stressed the importance of ICT for the development of their economies and societies, as well as the need to overcome the digital divide between developed and developing countries and the importance of international cooperation in this regard. E-strategies continue to play an important role in the deployment of ICT at the national level. They need to be consistent with overall social and economic policy objectives and fully integrated into national development strategies. E-strategies need to have not only policy and analysis components, but also measurable goals and statistical indicators. The involvement of all relevant stakeholders in the design and implementation of e-strategies is essential in order to achieve long-term sustainability. Further work should be done by UNCTAD in assisting countries in developing e-strategies, in close cooperation with other relevant national and international actors.

49. In this context, the crucial importance of statistics for policy work was pointed out. In the late 1990s, when few official data on e-commerce and ICT use were available, policy makers and business people made strategic mistakes on the basis of incorrect predictions about the growth of the information technology sector and e-commerce. With the availability of official data on ICT in some countries, the impact of ICT on the economy is now measurable and plays an important role in policy-making and business decisions.

50. With regard to the economic impact of ICT, evidence from OECD countries has shown that at the macro level the greatest productivity gains are achieved through the wide diffusion of ICT among businesses and through contributions to gross domestic product resulting from a strong ICT sector. At the enterprise level, ICT can help firms gain market share and reduce inefficiencies. However, investments in ICT would have to be complemented by investments in human skills and organizational change, as well as by a supportive business environment.

51. The WSIS has played an important role in increasing awareness of the role of ICT in the economy and society and the need to take action to bridge the digital divide between developed and developing countries. With the focus now on the second phase of the WSIS, to take place in Tunis in November 2005, delegates encouraged UNCTAD's continued involvement in the follow-up to the Geneva phase of the WSIS and its support for developing countries in preparation for the Tunis phase.

52. A number of delegates welcomed the work done by UNCTAD in the area of e-measurement, referring to the Expert Meeting held in September and the follow-up work to it. Reference was also made to the usefulness of the information and analysis contained in the *E-Commerce and Development Report* issued by the secretariat. Furthermore, it was stated that UNCTAD is well placed to encourage intergovernmental debate on ICT for trade and development.

53. Concerning ICT-related indicators and statistics, delegates stressed the importance of monitoring and measuring ICT access and use, and pointed to the lack of methodological frameworks for collecting internationally comparable data. It was indicated that UNCTAD plays a crucial role in fostering the ongoing international dialogue on e-measurement, and continuation of that work was encouraged. Delegates particularly appreciated the ongoing and planned cooperation between UNCTAD and OECD in this area. The e-measurement group of the Association of South-East Asian Nations was mentioned as an example of regional initiatives that have emerged in developing countries. UNCTAD was encouraged to organize related regional events in Asia during the course of 2004.

## Chapter VI

# Implementation of agreed conclusions and recommendations of the Commission

(Agenda item 6)

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

“Progress report on the implementation of the agreed recommendations of the Commission at its seventh session” (TD/B/COM.3/63)

### Chairperson’s summary

55. The secretariat supplemented the information in the report with presentations on the competitiveness of small and medium-sized enterprises, transport and trade facilitation, and electronic commerce strategies for development.

56. A representative of the secretariat outlined the work it had carried out since the Commission’s seventh session in improving the competitiveness of SMEs through enhancing productive capacity. It had undertaken research into technology and competitiveness policies, including the coherence between competitiveness policies and multilateral commitments and requirements. This included six case studies of economies in Africa and Asia. The results had been disseminated through the Internet, conferences and research reports, including a concept paper for expert and high-level meetings on support policies of the Tokyo International Conference on African Development (TICAD) for private sector development in Africa. In the field of technical cooperation, the secretariat had initiated a project on promoting business linkages for sustainable development. Pilot projects had been carried out in Ethiopia and Uganda. Furthermore, in 2003 the Empretec programme had been established in two new countries – Guyana and Paraguay; as a result, the total number of Empretec countries now stands at 26. In the discussion that followed, more information was requested about the Empretec programme, and especially the Empretec XI meeting, an UNCTAD XI side event, which is expected to be attended by over 3,000 entrepreneurs.

57. Delegates were informed about the activities carried out by the secretariat in monitoring and analysing developments affecting international transport services, multimodal transport, trade facilitation and transport security, and about the dissemination of that information, *inter alia* through such publications as the *Review of Maritime Transport 2003* and the *Transport Newsletter 2003*. The *Review*, published in November 2003, was considered an authoritative source of information on maritime transport and reached a large audience through its dissemination via the UNCTAD website, with almost 30,000 downloads in the first six weeks after it was issued.

58. Guidance and assistance to developing countries on the use of information and communication technologies (ICT) in international transport services and trade facilitation were provided through UNCTAD’s Advance Cargo Information System (ACIS) and Automated System for Customs Data (ASYCUDA) programmes. Development work on the web-based version of ASYCUDA was well underway, and this version would be officially launched at UNCTAD XI. Other work included the publication of a web-based report on the use of transport documents in international trade and their electronic alternatives (UNCTAD/SDTE/TLB/2003/3) as well as the organization of a regional conference on the subject. The close cooperation of the secretariat with other intergovernmental organizations involved in the development of a uniform legal instrument on

transport was highlighted by its continuing relationship with, and substantive contribution to, the work of the United Nations Commission on International Trade Law.

59. Concerning trade facilitation, a report was provided on the technical cooperation activities undertaken for least developed countries (LDCs), namely in identifying needs and priorities, establishing trade facilitation platforms and integrating LDCs into global trade. Furthermore, a parallel event on trade facilitation had been organized in the context of the Almaty Ministerial Conference.

60. Regarding the Commission's recommendations in the field of electronic commerce strategies, the secretariat reported on its work to share international best practices through the organization of three High-level Regional Conferences on E-commerce Strategies and through its participation in several initiatives such as the G77 High-level Conference on South-South Cooperation, the World Summit on the Information Society (WSIS) and the United Nations ICT Task Force. In doing so, it highlighted its cooperation with international and national organizations dealing with ICT. The secretariat continued to carry out research and analysis on e-commerce-related issues relevant to the developing countries, as reflected in the *E-Commerce and Development Report 2003*.

61. The secretariat's representative also briefed delegates on the work done with regard to the measurement and benchmarking of electronic commerce and the use of ICT by enterprises, including the Expert Meeting on Measuring Electronic Commerce as an Instrument for the Development of the Digital Economy and the launch of the UNCTAD virtual forum on e-measurement. The Commission was also briefed on the substantive contribution that the secretariat had made to the WSIS by participating in the preparatory meetings and by holding, jointly with other organizations, two side events, one on "Monitoring the Information Society" and the other on "National Strategies for the Information Society". Additionally, delegates were briefed on the secretariat's efforts to mainstream the gender dimension in this field.

62. Delegates commended the secretariat for its work in the application of ICT to business and trade, in particular its analytical work. Some delegates encouraged the secretariat to consider the issues of Internet governance and the financing of ICT in its research and analytical work. One delegate, however, expressed concern about that suggestion.

## **Chapter VII**

### **Other business**

(Agenda item 8)

#### **Chairperson's summary**

63. The Commission was updated by the secretariat on recent initiatives of the United Nations General Assembly in the field of private sector development, particularly the Commission on the Private Sector and Development, an initiative launched by the UN Secretary-General and convened by the UNDP Administrator. This is a high-level Commission created to develop strategic recommendations on how to promote strong domestic private sectors in the developing world. It is co-chaired by the Prime Minister of Canada, Paul Martin, and the former President of Mexico, Ernesto Zedillo. Other members of the Commission are prominent figures from the private sector, government and academia. The Commission is expected to present its findings in a public report to the Secretary-General in early 2004. This will be followed by pilot programmes in a number of countries. The UNCTAD secretariat has been in contact with officials of the Commission and has submitted relevant findings of the work carried out by the Commission on Enterprise, Business Facilitation and Development to serve as an input to the work of the UN Commission.

## Chapter VIII

### Action by the Commission and closing statements

#### Action by the Commission

64. At its closing plenary meeting, on 15 January 2004, the Commission adopted its agreed recommendations (see chapter I).

#### Closing statements

65. The representative of **Switzerland** said that the Commission's session had demonstrated that the problems of development were becoming increasingly complex and diversified. UNCTAD had an important role to play in dealing with the challenges posed, and he made reference to the Swiss support for these endeavours. However, to achieve the best results, the organization should concentrate on those areas in which it had a number of comparative advantages. The Commission's recommendations were in certain respects too ambitious, but his delegation had endorsed them in a spirit of consensus. Within the framework of the preparations for UNCTAD XI the need to focus the organization's activities on priority areas should be given careful attention.

66. The representative of **Benin**, speaking on behalf of the **least developed countries** (LDCs), said that the LDCs were severely disadvantaged and were living in conditions that endangered their very existence and cultures. Finding the means of meeting the challenge that this posed was a complex task that required imagination and realism. In particular, external debt was a crushing burden that negated LDCs' development efforts. In order to emerge from the deplorable situation in which they found themselves, LDCs wished to enhance the considerable possibilities available to them.

67. The representative of **Ireland**, speaking on behalf of the **European Union**, noted that the Commission had dealt with practical issues of particular relevance to developing countries, namely transport, SMEs and e-commerce. It could do a great deal of useful work, and this session had indeed achieved a very positive outcome.

68. The representative of **Cuba**, speaking on behalf of the **Group of Latin American and Caribbean countries** (GRULAC), called on all delegations to show commitment in the forthcoming negotiations to UNCTAD's mandate on development issues.

69. The representative of **Brazil**, speaking on behalf of the **Group of 77**, said that in the light of the intensity of the work in the Commission's session it was certain that there was much to be done in the preparations for UNCTAD XI.

## Chapter IX

### Organizational matters

#### Opening of the session

70. The eighth session of the Commission was held at the Palais des Nations, Geneva, from 12 to 15 January 2004. In the course of the session, the Commission held two plenary meetings and seven informal meetings. The session was opened on 12 January 2004 by Mr. Nathan Irumba (Uganda), Chairperson of the seventh session of the Commission.

#### Election of officers

(Agenda item 1)

71. At its plenary meeting, on 12 January 2004, the Commission elected its Bureau as follows:

Chairperson:	Mr. Luciano Barillaro (Italy)
Vice-Chairpersons:	Mr. Yemi Dipeolu (Nigeria)
	Mr. Nathan Irumba (Uganda)
	Mr. Stefano Lazzarotto (Switzerland)
	Mr. Julio Vázquez Roque (Cuba)
	Mr. Rahim Zainuddin Zainol (Malaysia)
Rapporteur:	Mr. Ivan Gospodinov (Bulgaria)

#### Adoption of the agenda and organization of work

(Agenda item 2)

72. At the same meeting, the Commission adopted the provisional agenda circulated in document TD/B/COM.3/57. Accordingly, the agenda for the eighth session was as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Improving the competitiveness of SMEs through enhancing productive capacity
4. Efficient transport and trade facilitation to improve participation by developing countries in international trade
5. Electronic commerce strategies for development
6. Implementation of agreed conclusions and recommendations of the Commission
7. Provisional agenda for the ninth session of the Commission
8. Other business
9. Adoption of the report of the Commission to the Trade and Development Board

## **Provisional agenda for the ninth session of the Commission**

(Agenda item 7)

73. At its closing plenary meeting on 15 January 2004, the Commission approved the draft provisional agenda for its ninth session (see annex I) and the topics for Expert Meetings for 2004 (see annex II).

## **Adoption of the report of the Commission to the Trade and Development Board**

(Agenda item 9)

74. At its closing plenary meeting, on 15 January 2004, the Commission adopted its draft report (TD/B/COM.3/L.26), subject to any amendments to the summaries of the statements, and authorized the Rapporteur to finalize the report in the light of the proceedings of the closing plenary meeting.

## **Annex I**

### **Provisional agenda for the ninth session of the Commission**

1. Election of officers
2. Adoption of the agenda and organization of work
3. Improving the competitiveness of SMEs through enhancing productive capacity
4. Efficient transport and trade facilitation to improve participation by developing countries in international trade
5. Electronic commerce strategies for development
6. Implementation of agreed conclusions and recommendations of the Commission
7. Provisional agenda for the tenth session of the Commission
8. Other business
9. Adoption of the report of the Commission to the Trade and Development Board



## Annex II

### Topics for Expert Meetings for 2004

#### **Expert Meeting theme: Efficient transport and trade facilitation to improve participation by developing countries in international trade**

##### **Proposed topic: Design and implementation of transit transport arrangements**

1. Landlocked developing countries are confronted with a range of special constraints that limit their full participation in a globalized economy. In addition, transit operations involving coastal countries are rapidly gaining in importance, both in global and in regional trades. The lack of territorial access to the sea makes landlocked developing countries dependent on transit through neighbouring countries and on the latter's transport policies and facilities. Additional border crossings and long distances from world markets significantly increase the total costs of their transport services. High transport costs reduce the competitiveness of landlocked developing countries and the volume of their trade. Establishment of efficient transit transport systems will depend not only on cooperative arrangements between landlocked developing countries and their neighbours and on multilateral agreements, but also on the infrastructure, facilities and conditions along the transit route. Transit operations are an indispensable element of further regional integration among developing countries. Transit countries, landlocked countries, donor countries and multilateral institutions need to explore the establishment of basic infrastructure required for multimodal transport in order to help reduce the transit costs of developing landlocked countries and make their products more competitive in international markets.

2. Although the general problems of landlocked and transit countries have been discussed in numerous forums and, as result, various resolutions and action plans have been adopted, there is a need to consider in concrete terms how the emerging technologies and developments (e.g. ICT, multimodal transport and logistic services) can best be used to improve transit transport. Trade to and from landlocked countries tends to involve two or more modes of transportation, for example sea and land transport. Owing to the high risk associated with the land leg of transport, and the absence of appropriate legal frameworks in relation to such transportation, international carriers do not, in many cases, offer one contract to cover the entire transport from origin to destination, with one party taking responsibility throughout. Multimodal transport under one contract and with one party being responsible for the entire transport operation will significantly improve the situation for traders in developing countries.

3. The experts will review not only these possibilities but also the necessary institutional arrangements, the use of management information systems along supply chains, the conditions required for facilitating transit arrangements and examples of successful transit arrangements in developing countries. Consideration would particularly need to be given to the use of transport documents and their electronic alternatives, electronic means to simplify procedures, necessary conditions for promoting logistics services and multimodal transport under one contract, harmonization of legal frameworks, commitments under the General Agreement on Trade in Services in logistics services, operational systems for transit monitoring and enhancing of transport security, and joint border-crossing control facilities. The experts will be able to identify crucial elements for improving the efficiency of transit transport that could form the basis for the preparation of a practical handbook/guidelines for all parties concerned.

## **Expert Meeting theme: Improving the competitiveness of SMEs through enhancing productive capacity**

### **Proposed topic: Promoting the export competitiveness of SMEs**

4. Strengthening the competitiveness of domestic enterprises, particularly SMEs, is vital for developing countries to benefit fully from international trade and investment opportunities and to achieve the internationally agreed development goals of the Millennium Declaration. Export competitiveness is of particular importance. The Expert Meeting should examine how the regulatory framework could be strengthened, including through the encouragement of SMEs' links to international supply chains, the promotion of backward and forward linkages of foreign affiliates, and the encouragement of corporate social responsibility. For FDI to better benefit local SMEs, policies and programmes for promoting the development of linkages with those SMEs should also be considered.

## **Expert Meeting theme: E-commerce strategies for development**

### **Proposed topic: Free and open source software: Policy and development implications**

5. The free and open source software (FOSS) debate has generated a broad array of views and positions on the effect of FOSS on the trade and economic development of developing countries, depending on the direction and strength of the policies to be adopted and implemented. An increasing number of countries have undertaken research on the potential costs and benefits of promoting the broader deployment of open source software in public institutions. However, the debate is still inconclusive, particularly since much of it is conducted in forums that have a unique or technical focus that does not translate easily into government policy on its own. Although some countries have gained enough experience to adopt clear positions, many developing countries would benefit from an exchange of experience and from discussion of the reasoning that has led to the adoption of policies elsewhere.

6. This Expert Meeting will bring together representatives from developed and developing countries and international and regional bodies involved in the FOSS debate, from both the "free and open" and the "proprietary" establishments. It will thus provide a unique framework for integrating the developing countries' views into the existing debates and initiatives on open source related to questions such as (a) public policy aspects of FOSS, including its effects on the promotion of competition in the ICT sector, its impact on public education and the development of human resources for the digital economy, and (b) the economics of FOSS and the importance of its commercial applications, its consequences for the development of the exports of software products and services, and so forth.

7. The experts will discuss existing initiatives at the international level, analyse national and regional experiences, and propose best practices and guidelines for government policy and the possible role and involvement of international bodies.

### Annex III

## Attendance \*

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

Angola	Madagascar
Argentina	Malaysia
Barbados	Mauritius
Belarus	Mexico
Benin	Morocco
Brazil	Nepal
Bulgaria	Nigeria
Cameroon	Oman
China	Peru
Colombia	Philippines
Cuba	Qatar
Cyprus	Republic of Korea
Czech Republic	Romania
Dominican Republic	Russian Federation
Ecuador	Rwanda
Egypt	Senegal
Ethiopia	Seychelles
Finland	Spain
France	Switzerland
Germany	Syrian Arab Republic
Ghana	Thailand
Greece	Tunisia
Guatemala	Uganda
India	Ukraine
Indonesia	Uruguay
Iran (Islamic Republic of)	United Kingdom of Great Britain and Northern Ireland
Ireland	United States of America
Italy	Venezuela
Jamaica	Zambia
Japan	Zimbabwe
Jordan	
Lebanon	
Libyan Arab Jamahiriya	

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

African, Caribbean and Pacific Group of States  
African Union  
European Free Trade Association  
European Community  
Organisation for Economic Co-operation and Development  
Organisation Internationale de la Francophonie  
South Centre

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\* For the list of participants, see TD/B/COM.3/INF.8.

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

Food and Agriculture Organization of the United Nations  
United Nations Industrial Development Organization  
World Trade Organization

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

*General Category*

Arab Federation for Engineering Industries  
Engineers of the World  
International Confederation of Free Trade Unions  
World Association of Small and Medium Enterprises

*Special Category*

International Multimodal Transport Association

5. The following special invitee attended the session:

Mr. Serghei Zverev, Vice President, ProEconomica, Kishinev, Republic of Moldova

6. The following resource persons attended the session:

Mr. Thomas Cottier, Managing Director, World Trade Institute, Berne, Switzerland  
Mr. Philippe Crist, Division of Transport, OECD  
Mr. John Dryden, Deputy Director, S&T Policy Branch, Directorate for Science, Technology  
and Industry, OECD  
Mr. Christoph Seidelmann, Managing Director, Study Center for Combined Transport  
(SGKV), Frankfurt am Main, Germany

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