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Expert Meeting on Dynamic and New Sectors of World Trade
Geneva, 24–26 October 2005

**REPORT OF THE EXPERT MEETING ON DYNAMIC AND NEW SECTORS OF
WORLD TRADE**

Held at the Palais des Nations, Geneva,
from 24 to 26 October 2005

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Chapter I

CHAIRPERSON'S SUMMARY

Introduction

1. The São Paulo Consensus assigned to UNCTAD the mandate to conduct sectoral reviews of dynamic sectors of world trade (São Paulo Consensus, para. 95). The Commission on Trade in Goods and Services, and Commodities at its ninth session (March 2005) decided to conduct annual reviews under the aegis of Expert Meetings on promoting participation of developing countries in new and dynamic sectors of world trade. The dynamic and new sectors of world trade and their products fall into three broad product categories: (a) those that have displayed consistently high growth and increased share in world trade, including ones in which developing countries have already achieved some export presence; (b) sectors and items already in existence but new on the list of export activities of developing countries; and (c) altogether new areas of trade in which developing countries have potential comparative advantage.

2. The first Expert Meeting on dynamic and new sectors of world trade, held from 7 to 9 February 2005, considered three sectors – (a) IT-enabled outsourcing of services; (b) renewable energy products, including bio-fuels; and (c) textiles and clothing – highlighting the issues of national and international policies and actions to enhance developing country participation.

3. The second Expert Meeting was held in Geneva from 24 to 26 October 2005 and reviewed national and international policies and actions to enhance developing country participation in the following three sectors: (a) the electronics sector, (b) fish and fishery products, and (c) steel and related specialty products. Particular attention was given to the least developed countries (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 participated in the Meeting.

4. The Meeting had the following main tasks:

- To review the trends in the sectors under review and developing countries' participation therein;
- To clarify the key determinants of their participation in these sectors;
- To analyse the opportunities that these sectors offer to developing countries in ensuring development gains from international trade;
- To focus on national and international policy imperatives to promote developing countries' increased and beneficial participation in these sectors;
- To consider how policies should respond to factors such as supply capacity, productivity, technological endowment and competitiveness; domestic and foreign

investment; market access and entry conditions; changing demand and preferences; and regional division of labour;

- To identify the roles of the international trading system, including trade negotiations, as well as global market structures and development cooperation, in ensuring the success of such policies.

5. H.E. Mr. Sidi Mohamed Ould Sidina, Minister of Fisheries and Marine Economy of Mauritania, made a keynote statement. He emphasized that all countries hoped to reach an agreement in the short time left before the WTO Ministerial Conference in Hong Kong (China) that would be favourable to world trade as a major driving force for development. However, numerous developing countries did not fully benefit from this driving force because of their insufficient supply capacity. In his view, the sectors chosen for the Expert Meeting were relevant because they were promising and could contribute effectively to economic and social progress. Electronics was a new sector that was responsible for astonishing development in all domains. The international community should adopt a strategy to help less endowed countries have access to this new sector. This should be one of the outcomes of the World Summit on the Information Society taking place in Tunis in November 2005.

6. He also noted that the fisheries sector was important for most developed and developing countries. Increasing international demand for fishery products meant that the availability of resources was a major economic issue. Obstacles to the development of this sector were mainly the competition for access to resources among different actors (artisanal fishermen, industrial companies, foreign industrial companies) and overexploitation in most fisheries for exports owing to preferential access and weak resources management, as well as such factors as the lack of understanding of consumer markets' evolution, the need for more public and private investments to develop aquaculture and secure supply, and the need for better integration into national economies through the promotion of artisanal fisheries and their access to credit.

7. He also acknowledged that there were questions about the slowness of the development of the steel sector in developing countries. The increase in demand and the fact that numerous developing countries produced iron ore should encourage those countries to go a step further – into steel processing. Such a development would inevitably mean a transfer of technology and a reinforcement of capacity through assistance to developed countries.

8. Special presentations were made by Mr. Gye-hyun Kwon, Vice-President of the Department of Global Public Relations, Samsung Electronics, and Dr. Arthur Weyns, Vice President of the Consumer Electronics Global Affairs, Philips.

9. In addition to the experts nominated by member States, specially invited resource persons representing other international organizations, the private sector and academia put forward their views on each sector under consideration.

10. The comments and suggestions made at the Expert Meeting are summarized below.

I. Electronics sector

A. Global supply chains in the electronics sector: Trends and determinants

11. It was observed that the current and future world consumer electronics market had strong dynamics. For example, it was expected to grow by at least 2 per cent a year, from 328 billion euro in 2005 to 350 billion euro by 2008. The highest growth rate was expected from digital electronic products (e.g. audio and video markets, and the digital part of traditional consumer electronics), while the analog consumer electronics market could almost disappear by 2008. Digitalization brought about fundamental changes in the sector, such as short product life cycle (up to three to five years or even shorter), further globalization of the market, vast product differentiation, and the lowering of barriers to entry due to globalization and partnerships among major players. Furthermore, market power had shifted from the traditional consumer electronics manufacturers to the standard setters, service and content providers and suppliers. The "knowledge economy" was leading to a phasing-out of traditional comfort zones and created many additional opportunities for new entrants, including those from developing countries, in the electronics industry value chain.

12. It was noted that a major new trend in the electronics sector was the division of labour shifting from the era of the "global electronics factory" to that of "innovation offshoring". The latter could be described in terms of the trends and determinants set out below:

- Strong drivers of "innovation offshoring" are (i) return on investment; (ii) the search for lower-cost R&D personnel and innovative capabilities; (iii) proximity to large markets that are global-manufacturing-based; and (iv) policy measures (e.g. tax and financial incentives, fewer regulations, infrastructure development, raising the education level, transparent and clear standards).
- The growing geographical and organizational mobility of innovation. While Asia's integration into global innovation networks provides new opportunities, it gives rise to challenges for the region's industrial upgrading.
- Multiple new locations for innovation are emerging, and even less developed clusters can still be sources of innovation.
- Firms need to construct global innovation networks to coordinate the dispersed and disintegrated innovation value chain.
- Global innovation networks are grafted onto the existing global production networks.
- Although new strategies and policies are required, there is little research on root causes and the prospects of the "innovation offshoring" phenomenon.

13. The representative of a leading global electronics company from an Asian developing country said that his company's success, which had been achieved within a relatively short period of time, was due to three key elements: a strong management philosophy, motivation by innovation and thinking ahead to develop the most cutting-edge technology. The company had also adopted "3P innovation" as part of its management reform programme: process

innovation, personnel innovation and product innovation. Process innovation was focused on improving supply chain management. Personnel innovation consisted of decentralization, empowerment of lower-level staff, simpler decision-making procedures, thorough merit-based compensation, process-oriented organization and digital corporate culture. With regard to product innovation, major activities were aimed at boosting product competitiveness and transforming the product portfolio to embrace future-oriented items.

14. On the other hand, the representative of a leading long-established European transnational corporation (TNC) in this sector pointed out that his company aimed at the reinvention of consumer electronics business through (i) deverticalization, (ii) integrated value marketing, and (iii) creation of a digital eco-system. With regard to deverticalization, the company was accelerating unbundling and outsourcing, as well as dismantling non-core activities, while retaining and strengthening its core activities (e.g. design of intellectual property, trade marketing and brand management). It had also adopted an operating model based on sharing and partnering. With regard to integrated value marketing, the company aimed at simplifying the life of consumers and delivering value by offering complete packages and solutions. For instance, it promoted vertical partnerships with leading providers/operators, as well as integration of supply chains. Online shopping and end-to-end marketing were also crucial. The creation of a digital eco-system aimed at creating a new era of the wireless-connected world. For example, television was no longer a stand-alone electronic entertainment box, but rather a digital screen capable of bringing consumers additional services such as telemedicine. In this context, regulators should support the removal of complexities, boundaries, constraints and outdated regulations. Specifically, harmonized broadcasting standards and effective digital rights management were required.

15. The experiences of several Asian countries in establishing global supply chains in the electronic sector were explained. For example, the major driving factors for investment by the Japanese electronics industry in Asia were (i) thick supply chain layers under cost pressure, (ii) high-level requests for quality control, and (iii) vast competition pressure in innovative areas. Particular attention was drawn to new types of pressure which Japanese companies were currently facing in the global supply chain relating to the EU market. One of these was the impact of the EU's environmental regulations, such as REACH, on global supply chains. These regulations substantially affected product design and production chains in Asian countries, becoming de facto global standards. Other new pressures stemmed from the Corporate Social Responsibility (CSR) process. Companies, while making profits, were now expected to pursue a global agenda in terms of reducing the economic disparity between countries, as well as striking a balance between price and social requirements (e.g. employment and environmental concerns).

B. Increasing participation of developing countries in the electronics sector: National and regional policies and experiences

16. Several participants highlighted national/regional perspectives and experiences. It was noted that East Asian countries, such as Japan, the Republic of Korea and increasingly China had been major players in the electronics industries for decades. A common success story emerged from the experiences of these countries. All of them had gone through transition from low cost (e.g. product assembly and manufacture) to value-added components, materials and equipment. Particular attention was drawn to the emerging role of China in the global electronics sector. For example, it had become the largest producer in the world of PCs,

cellular phones, recorders, VCD players, calculators, refrigerators and air conditioners. China was enhancing its position in (i) producing original design manufactures to establish brand names, (ii) developing its own Wi-Fi system, and (iii) manufacturing aircraft components with electronic content for major producers such as Airbus and Boeing. It was expected that this trend would have significant effects on structural changes in the world's electronics sector in the near future.

17. It was emphasized that China's success was due to (i) favourable tax incentives, (ii) lower capital costs, (iii) lower labour costs, (iv) flexibility in production, (v) the value of large internal markets, and (vi) a strong work ethic and strengths in science and engineering education in terms of quantity and quality. However, several weaknesses were also observed, such as (i) power and water shortages, (ii) a low level of legal effectiveness and enforcement relating to intellectual property laws, and (iii) a lack of transparency in policies and regulations at provincial level.

18. By contrast, the performance of sub-Saharan Africa in the electronics sector was quite limited. In the case of South Africa, there were however a number of key indigenous local companies. The country also had strategic linkages with TNCs and played an important role as a footprint in the region. Its performance was supported by basic global competitiveness factors, such as strong infrastructure and networks, cheaper energy costs in comparison with developed countries, an innovative and modern banking/financial sector with global linkages, economic stability and an extended growth rate. However, shortcomings were also acknowledged – for example, low innovation levels, lack of sufficient R&D investment, and distance from key markets.

19. Concerns were expressed by experts from African countries about the lack of presence of African exporters in electronics trade. In this regard, it was asked whether the success story of Asia could be replicated in Africa. Several views were expressed on this issue. It was observed that a short product life cycle and deverticalization of the industry would create better opportunities for African countries and LDCs to participate in the electronics production/value chain and trade. Also, it was important that these countries adopt a step-by-step approach to policy design in accordance with their level of development. It was indicated that CSR could become a potential driving force for TNCs to promote cooperation with African countries.

20. With regard to LDCs, it was emphasized that substantial efforts should be made to improve education for all citizens as a necessary first step, because human resources were the key determinant for companies in the electronics sector. Given the lack of scale in LDCs' economies in general, promotion of regional cooperation was strongly recommended. Furthermore, it was pointed out that the speed of innovation and technological adaptation was crucial for success in the electronics sector.

21. A participant from an Arab country highlighted the critical importance of open market access for a small economy producing electronic and electrical goods. In addition, to improve market ability and competitiveness, a strategic policy should be implemented comprising such measures as the establishment of import/export trading companies, creation of industrial design centres, adoption of export insurance facilities, setting up of marketing consultancies and building of strong brand names.

22. Participants acknowledged that private initiative was of particular importance for innovation in the electronics sector. However, this should be complemented by incentives and innovation-compatible policy instruments designed and implemented by Governments. Furthermore, it was widely recognized that Governments had the primary responsibility for ensuring a proper level of education for all citizens.

C. Market access issues

23. While recognizing that tariffs were playing a decreasing role in the electronics sector owing to multilateral and regional trade liberalization, participants focused mainly on non-tariff barriers which affected this sector, particularly technical barriers such as technical regulations, standards and conformity assessment systems. It was emphasized that developing country exporters could face increasing environment requirements in the electronics sector in the EU, Japan, Switzerland, the United States and Canada.

24. It was recognized that while the growing volumes of waste from electronic and electrical products, as well as associated environmental and health problems, were an issue of concern in developed countries, policy responses had been different. Differences could be seen in the choice between government regulation, procurement policies and private-sector initiatives to achieve legitimate objectives. In addition, product coverage, choice of policy instruments and stringency of measures varied widely from country to country. As a consequence, developing countries had to face increased costs of adjustment to these new requirements. A comparative study of the national adjustment process of China, Thailand, Malaysia and the Philippines was addressed in this regard.

II. Fisheries and fishery products

25. Participants noted that this sector could be characterized by the following facts:

- The fisheries sector includes industrial, coastal, commercial, artisanal, ornamental and subsistence fishing, and aquaculture.
- Approximately 1 billion people, many of them in developing countries, including LDCs, depend on fish as their main source of protein.
- About 35 million people rely on the fisheries sector and aquaculture as a source of income.
- Global fish trade was worth US\$ 63 billion in 2003, and it is estimated that it will have increased to US\$ 68 billion in 2004.
- The value added in trans-shipment, handling and processing can in some cases rival the value of the fish harvested in economic importance.
- Japan, the European Union and the United States import 75 per cent of the fish and fish products entering international trade.

- Overfishing and depletion of fish stocks are threatening the sustainability of the fisheries sector.
- Sustainable fisheries management is essential for poverty reduction.

A. Fishing agreements

26. There are three types of fishing agreements (FAs). The first one is financial agreements under which fishing quotas are granted to foreign fishing vessels (FFVs) within the 200-mile exclusive economic zones (EEZs) of developing countries in exchange for revenues generated from the issuance of licence fees. This type is prevalent in countries on the West Coast of Africa. The second type is the second-generation agreement as in Argentina, where the creation of joint-venture companies is sought. The third type is partnerships that integrate fisheries trade and development. The case of the Comoros is illustrative of this type.

27. While there was general agreement among experts that FAs brought much-needed foreign currency into developing countries, it was pointed out that they had inherent problems that needed to be addressed. These included lack of equity and justice among the stakeholders (FFVs, Governments, industry and civil society); coherence of FAs with national development policy; and the lack of monitoring and evaluation mechanisms in developing countries, particularly LDCs, which had led to a depletion of fish stocks and concerns about food security, as well as potential conflicts among stakeholders within the industry, for example between artisanal and industrial fisheries. It was felt the FAs in themselves were not causing these problems but that they needed to be more effective and better managed. Experts from several countries that were implementing FAs called for comprehensive studies to ascertain their real value, especially to the host country.

28. Experts agreed that FAs should follow a code of conduct that clearly defined their scope and included obligations for both parties. Resource owners should have a national management plan for each fishery indicating the share of the resources available for each activity (artisanal fishing, national industries, foreign industries). Without such a plan, agreements could lead to external pre-emption of the resources and negative socio-economic impacts. The technical content of the agreements was also important, for instance the size of the net, the minimum size of the catch and the regulation of flags of convenience. Finally, monitoring of the implementation of agreements should be the responsibility of both parties.

B. Market access

29. It was recognized that international trade in fish and fishery products did not come under the WTO Agreement on Agriculture. All important fish-producing countries were members of the WTO, except the Russian Federation and Viet Nam, which were negotiating accession terms. Fish exports were treated as industrial products and enjoyed low tariff rates. Despite this, ever-changing and dynamic non-tariff barriers, SPS requirements and standards at various levels – firm, national, regional and international – posed serious market entry problems for developing countries, particularly LDCs. Even for countries that enjoyed preferential trading agreements such as those parties to the Cotonou Agreement between the European Union and ACP countries, these stringent standards reduced the value of trade preferences.

30. It was felt that while the Agreements on sanitary and phytosanitary (SPS) measures and technical barriers to trade (TBT) were intended to protect consumers, they should not protect import markets from competition. Risk analysis, although nascent in the fisheries sector, should be used to formulate standards.

31. It was suggested that the operationalization of the SPS and TBT Agreements, insofar as they concerned standards and quality requirements, should be anchored in three principles. The first of these principles was the *sovereignty principle*, which protected the right of countries to adopt standards. The *principle of transparency* called for trading partners to be transparent in sharing information relating to standards and quality assurances used in product grading, testing and processing. The *principle of equivalency* signified that trading partners recognized that the same outcome could be achieved using different standards.

32. It was proposed that the implementation of SPS measures use a supply chain approach. Thus, prevention should start at source, which meant that producers and processors were responsible for fish safety and quality and should use preventive systems such as Hazard Analysis Critical Control Points, Good Hygiene Practices or Good Aquaculture Practices. Control authorities, which could be domestic or from importing countries, should monitor the implementation of those systems.

33. It was noted that many countries, particularly large ones, had their own inspection and control schemes. Although the Codex Alimentarius Commission was accepted as the default international standards-setting body, different fish standards could still be applied by importing countries. As a result, developing countries in many cases found it difficult to comply with complex and differing standards and needed technical assistance in this area.

34. Experts agreed that some flexibility in implementation was needed in order to cater for small-scale and artisanal fisheries, which had neither the resources nor the technical capacity to comply fully with standards. Under this scenario, some form of special and differential treatment was necessary, especially for LDCs.

35. It was emphasized that some new market-based initiatives, both mandatory and voluntary, such as eco-labelling, commercial labelling, traceability, certification and organic fisheries, not only provided assurances of product quality to consumers, but also offered transparency and accountability along the global supply chain. Traceability boosted consumer confidence, reduced costs and improved safety and quality from the sea/river to the plate. It was noted that as from January 2005 the EU required traceability for all fish and fish products imports.

36. It was recognized that voluntary certification schemes such as the Maritime Certification Scheme could add value to fish trade, increase market access opportunities and support sustainable fisheries management for all types of fisheries, including aquaculture and "rare fish" species in freshwater lakes. However, the costs of certification and deficiencies in technical competence and resources, including finance and auditing facilities, could prevent many fish producers, especially small-scale and artisanal fisheries in developing countries, particularly LDCs, from benefiting from such schemes. It was stressed that requirements in certification schemes should not act as market entry barriers in fish trade.

C. Aquaculture

37. It was noted that a steady increase in demand for fish from aquaculture was expected at least until 2020, with an increase in price of about 1.5 per cent a year. Aquaculture could then supply 60 per cent of human consumption, compared with 30 per cent today. The implications were numerous, in particular a necessary switch to vegetable-based feed for aquaculture. At present, the production of 1kg of salmon required 5 kg of wild fish as feed.

38. It was mentioned that industrial aquaculture could have negative impacts on artisanal fishermen. For example, Chile, which was the world's second largest producer of salmon from aquaculture, had experienced a rapid depletion of wild fish stocks, which were used to feed the salmon. Experts thought that aquaculture should be carried out only with native species in order to limit environmental degradation.

39. Small-scale aquaculture was also recognized as a development tool. In Bangladesh, for example, aquaculture contributed to poverty reduction, employment, food security and increasing rural incomes. In that country, the ratio between incomes and costs of aquaculture in ponds¹ was almost 33 per cent higher than that of a double crop system combining aquaculture and rice cultivation.

D. Finance

40. Many experts from developing countries, including LDCs, indicated that inadequate access to finance and rural credit from established financial institutions was a significant impediment to successful fisheries development in those countries. However, there were success stories of "banking on the poor". The case of the National Bank for Agriculture and Rural Development (NABARD) of India was one. Starting off with 500 "Self-Help Groups", it now had 1.6 million groups (or 24.2 million families) that were creditworthy. It was akin to the Grameen Bank of Bangladesh, with the difference that NABARD lent to groups while Grameen Bank lent to individuals, and its Self-Help Groups had a 95 per cent on-time loan repayment and 2 per cent loss. This extremely high recovery rate and low defaults were due to peer or group pressure which acted as a guarantee for loan repayments. Much of the success was credited to the women, who accounted for 90 per cent of the clients. The scheme had benefited from continuous training and mentoring of clients by the Government, NABARD and conventional banks. As a result of the success, nearly all banks in India provided credit to Self-Help Groups.

III. Steel and related specialty products

41. Experts noted that the world steel industry was currently enjoying a boom period, with very high prices for all steel products and hence – in spite of high input prices – record profits. Cost increases were limited by technological advances leading to productivity gains. Growing world consumption of finished steel products was largely driven by the growth of demand in Asia, particularly in China, and, to a lesser extent, India. While steel consumption had slowed down in Western Europe and the United States, the growth of demand in China – at 4.5 per cent a year for the last 20 years – had changed the world steel industry landscape. This growth was expected to continue over the short to medium term.

¹ Ponds are land basins, which are under water.

42. Experts considered that steel production was not necessarily a possible or desirable route of forward integration for every country with iron ore deposits. Where there was a clear indication of comparative and competitive advantages – availability of capital, trained manpower, infrastructure, transportation, services, marketing – integrating forward into steel production for export could provide the economic stimulus for economic growth to "take off". If, on the other hand, these prerequisites were absent – and that was the case for most developing countries – efforts to break into international steel markets were unlikely to succeed. Requirements for success in producing steel for domestic markets were less stringent, but the limited size of many developing country markets would often be an obstacle.

43. Experts agreed that developing countries engaged in steel trade, for example Brazil, China, Egypt, India, Indonesia, Thailand, Malaysia and Viet Nam, faced market distortions due both to market access barriers and to trade measures, including subsidies, anti-dumping actions, and tariff peaks and tariff escalation. These distortions gave the wrong signals to both producers and consumers. For example, in the case of exports from the Russian Federation, anti-dumping procedures had become a serious distortion and obstacle to steel exports.

44. Experts emphasized that the rationalization of subsidies would not level the playing field if other trade defences were to persist. For example, in the United States, trade defence measures (or contingency protection) accounted for as much as 70 per cent of the effective rate of protection for steel. For developing countries, market access barriers coupled with high transportation costs (which could account for up to 30 per cent of total landed costs) not only decreased margins, but also curtailed the development of the industry.

IV. Conclusions and recommendations

A. General

45. Participants noted that the increasing participation of many developing countries in dynamic sectors of trade acted as both a driver and an outcome of the changing geography of international trade, which was signified by the dramatic growth in the share of developing countries in world trade flows. Thus, those countries accounted for a 30 per cent export share of the 20 most dynamic merchandise product groups. On the other hand, many developing countries, especially LDCs and African countries, continued to specialize, in large part, in sectors that were among the least market dynamic in world trade. The inability of these countries to manage the challenges of, and reap the benefits from, the rapidly changing global trading and economic processes, and the resulting shifts in the international division of labour, was a source of continuing concern.

46. Participants recognized that dynamic sectors could not be a panacea to resolve constraints faced by developing countries, and that not all countries would be able to participate in all the dynamic and new sectors. It was not a question of picking winners or encouraging developing countries to enter those sectors merely for the sake of participating in them. The purpose was to draw the attention of developing countries, including LDCs and African countries as well as their development partners, to potential opportunities presented by these sectors for greater diversification and improved domestic value-added from exports, which should be carefully examined in the light of the initial conditions, factor endowments

and other determinants of comparative advantage of each country relative to each sector. In that regard, the interrelated issues of supply capacity, competitiveness, and market access and entry deserved particular attention.

47. It was pointed out that in exploring their potentials in dynamic and new sectors, developing countries should pay special attention to the need to avoid the trap of low and declining value-added arising from (a) “export illusion”, caused by the high import content of exports, wherein export earnings did not reflect the true domestic value-added; and (b) “fallacy of composition”, which arose when too many countries rushed into the same sectors or products, thereby driving down terms of trade and export earnings, and thus denying themselves achievement of the objective of improving domestic value-added through diversification.

48. Participants emphasized that the utility of sectoral review ultimately depended on the practical benefits it could yield for developing countries. Therefore, work done in this area needed to be followed up effectively, particularly by capacity-building support at national, subregional and regional levels. The success of UNCTAD efforts would depend critically on the engagement of the donor community. Donors were invited to include this issue in their respective development cooperation programmes and projects, including those that were implemented by UNCTAD. In addition, the issue of financing the participation of experts from developing countries and countries with economies in transition in UNCTAD Expert Meetings should be resolved on an urgent basis.

B. Sector-specific

(i) Electronics sector

49. Participants recognized that some of the most critical impediments for a successful strategy of a developing country in the electronics sector were underdevelopment of human resources and low level of education; lack of competitiveness and/or comparative advantage, in particular of economies of scale; and low levels of development in general and of supporting infrastructure in particular. Governments had the primary responsibility to implement supportive policies for employment, education and training, and adjustment, while they and the private sector had to work closely together.

50. On the other hand, participants acknowledged that the opportunity provided by CSR as a potential driver to channel TNCs' investment in the electronics sector of developing countries, particularly LDCs, should be fully exploited. Donor Governments could help by facilitating this process.

51. Participants emphasized that the rising tide of non-tariff barriers such as technical barriers based on environmental and health considerations in the electronics sector was a matter of growing concern for developing countries and required attention from UNCTAD and other relevant international organizations in terms of increased technical assistance for adjustment and capacity-building measures.

52. In this regard, UNCTAD's new Consultative Task Force on Environmental Requirements and Market Access for Developing Countries could play a useful role. The

UNCTAD secretariat was requested to prepare a special analytical study on promoting LDCs' participation in the electronics sector.

(ii) Fisheries and fishery products

53. Participants agreed that fish and fishery products played a major role in the development process because they were closely related to a number of key factors regarding livelihoods and development, including food security, the subsistence of artisanal fishing communities and generation of foreign exchange earnings.

54. It was, however, recognized that obstacles to market access and entry, such as increasingly stringent and technologically challenging sanitary and other quality requirements, limited the export opportunities of developing countries. International technical assistance, for example in the area of training and installing the necessary infrastructure along the supply chain, did not meet the needs of those countries.

55. Participants noted with concern that the current situation of world fish stocks was alarming. It was generally agreed that 75 per cent of those stocks were either depleted or fully exploited. Demand continued to increase, while catches seemed to have reached a maximum. The continuation of the present trends could have disastrous consequences, especially in developing countries. Sustainability was therefore a key issue, and there was a need to assist developing countries in the design and implementation of strategies and plans for sustainable fisheries. Such strategies could be organized around four pillars: fishing agreements, improved access to international markets, development of aquaculture and better access to finance.

56. It was underlined that ensuring the continuity of fishing activities required the implementation of a global resource preservation strategy that covered artisanal fisheries as well as local and international industrial operations. Assistance with designing and implementing national management plans for the fishery sector was necessary. Such plans should include conditions to be incorporated in fishing agreements. A code of conduct for the latter would facilitate their negotiation and protect both resources and local livelihoods.

57. Participants emphasized that small-scale aquaculture had demonstrated its potential to enhance development and contribute to poverty reduction. Aquaculture on a larger scale was a good alternative for meeting the demand for, and removing pressure from, wild fish stocks. However, development of aquaculture should be fully integrated into national strategies because it affected fish stocks, biodiversity and pollution.

58. It was recognized that innovative finance schemes for the poor were important in order to enhance the role of fisheries in rural development and poverty reduction. UNCTAD could play two roles in this area: investigating new schemes and disseminating information about them; and training bankers in implementation.

(iii) Steel and related specialty products

59. It was recognized that the world steel economy was currently in a boom period and could look forward to a period of high growth in demand and relatively high prices.

60. Participants considered that the expansion of national steel industries in developing countries was likely in most cases to be based on domestic markets. However, some better-positioned countries with access to necessary inputs would be able to expand exports.

61. Experts observed that steel subsidies served to maintain high-cost capacity that would otherwise be eliminated through the process of international competition. They recognized that steel subsidies were highest in developed countries and that internal prices in those countries were above world market prices. A possible approach to eliminate subsidies could be to calculate the gap between domestic and international prices – as in estimating producer support in agriculture – and use that as a basis for reductions of subsidies.

62. It was recognized that trade defence measures created serious barriers to trade in the steel sector. In this context, the need to establish discipline in the use of such measures was underlined.

63. Experts called for the creation of a global steel agreement or a global steel accord to steady and guide the steel industry. They noted that there was currently no body within the United Nations system that covered steel production and trade issues. They agreed on the desirability of creating a working group on steel under UNCTAD auspices that would provide a forum where producers and consumers could meet and address pressing issues affecting the industry. Such a body would also facilitate the dissemination of strategic information pertaining to the steel industry to all member States of the United Nations.

Chapter II

ORGANIZATIONAL MATTERS

A. Convening of the Expert Meeting

64. The Expert Meeting on Dynamic and New Sectors of World Trade was opened at the Palais des Nations, Geneva, on 24 October 2005 by Mrs. Lakshmi Puri, Director, Division on International Trade in Goods and Services, and Commodities, UNCTAD.

B. Election of officers

(Agenda item 1)

65. At its opening meeting, the Expert Meeting elected the following officers to serve on its bureau:

Chairperson:	H.E. Mr. Eddi Hariyhadi (Indonesia)
Vice-Chairperson-cum-Rapporteur:	Mr. Andreas Pfaffernoschke (Germany)

C. Adoption of the agenda

(Agenda item 2)

66. At the same meeting, the Expert Meeting adopted the provisional agenda circulated in document TD/B/COM.1/EM.28/1. The agenda for the Meeting was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Promoting participation of developing countries in dynamic and new sectors of world trade
4. Adoption of the report of the Meeting

D. Documentation

67. For its consideration of the substantive agenda item, the Expert Meeting had before it three notes by the UNCTAD secretariat entitled "Promoting participation of developing countries in dynamic and new sectors of world trade: Electronics sector" (TD/B/COM.1/EM.28/2), "Promoting participation of developing countries in dynamic and new sectors of world trade: Fishery products" (TD/B/COM.1/EM.28/3) and "Promoting participation of developing countries in dynamic and new sectors of world trade: Steel and related specialty products" (TD/B/COM.1/EM.28/4).

E. Adoption of the report of the Meeting

(Agenda item 4)

68. At its closing meeting, the Expert Meeting authorized the Rapporteur to prepare the final report of the Meeting under the authority of the Chairperson.

Annex

ATTENDANCE*

1. Experts from the following States members of UNCTAD attended the Meeting:

Algeria	Mozambique
Bangladesh	Oman
Benin	Pakistan
Burkina Faso	Philippines
China	Poland
Dominican Republic	Russian Federation
Ecuador	Saudi Arabia
France	Sao Tome and Principe
Guinea	Senegal
Germany	South Africa
Holy See	Syrian Arab Republic
India	Switzerland
Indonesia	Trinidad and Tobago
Iran (Islamic Republic of)	Ukraine
Italy	United Republic of Tanzania
Jordan	United States of America
Madagascar	Viet Nam
Malawi	Yemen
Mauritania	Zimbabwe

2. The following intergovernmental organizations was represented at the Meeting:

African Union

3. The following United Nations organization was represented at the Meeting:

United Nations Environment Programme

4. The following specialized agencies and related organization were represented at the Meeting:

International Monetary Fund
United Nations Food and Agriculture Organization
United Nations Industrial Development Organization

* For the list of participants, see TD/B/COM.1/EM.28/INF.1.

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

General Category

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

Special Category

Center for International Environmental Law

6. The following panellists attended the Meeting:

Electronics sector

Mr. Gye-hyun Kwon, Vice-President of the Department of Global Public Relations, Samsung Corp.
Mr. Arthur Weyns, Vice President of the Consumer Electronics Global Affairs, Philips

Global supply chains in the electronics sector: Trends and determinants

Dr. Dieter Ernst, Senior Fellow, East-West Centre
Mr. Nobuyuki Hiratsuka, Secretary General, Japan Business Council in Europe

Increasing participation of developing countries in the electronics sector: National and regional policies and experiences

Mr. Thabo Mpakanyane, Management Consultant, South Africa
Mr. Ahmad Aref Assaf, Economic Researcher, Ministry of Industry and Trade, Amman, Jordan
Ms. Leticia Ofelia Borja Aburto, Director of Electricity and Electronic Industry, General Direction of Heavy Industry and High Technology, Ministry of Economics, Mexico City

Market access: Tariffs and non-tariff barriers

Mr. Michael G. Pecht, CALCE Electronic Products and Systems Center, University of Maryland

Entering world market for fishery products

Mr. Audun Lem, expert in marketing and fisheries industries, FAO
Ms. Yemi Oloruntuyi, expert in fishery product certification, Marine Stewardship Council

New strategies to improve fishery activities

Mr. Lahsen Ababouch, expert in aquaculture, FAO

Mr. Mohammad A. Taslim, Chairman of Bureau of Economic Research, Bangladesh

Mr. Cosme Caracciolo, Chairman of the Chilean Fishermen Association, Chile

Mr. R. Balakrishnan, Executive Director, National Bank for Agriculture and Rural Development, India

Prospects for the world steel market and opportunities for new entrants, in particular for developing countries

Mr. James F. King, steel market analyst, United Kingdom

Mr. Zheng Guo, Bao Steel, Europe

7. The following special invitee attended the Meeting:

Ms. Choi Haewon, Manager, Marketing Communications Group, Samsung Electronics, Seoul

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