



# United Nations Conference on Trade and Development

Distr.: General  
8 July 2013

Original: English

**Trade and Development Board**  
**Trade and Development Commission**  
Fifth session  
Geneva, 17–21 June 2013

## Report of the Trade and Development Commission on its fifth session

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## I. Agreed conclusions<sup>1</sup>

### 1. The impact of trade on employment and poverty reduction

(Agenda item 4)

#### *The Trade and Development Commission*

1. *Takes note* of the UNCTAD report on the impact of trade on employment and poverty reduction;

2. *Recognizes* that trade is an important element of any economic strategy and an engine for growth, employment creation and poverty reduction, and that the relationship among trade, employment creation and poverty reduction is complex. Integration into the global trading system could make a significant contribution to economic growth and sustainable development in developing countries provided that it is accompanied by complementary policies, including education and skill-building, investment, technology and finance, and based on enabling conditions, including supportive trade infrastructure and other relevant factors;

3. *Stresses* that the impact of integration into the global economy on employment and poverty varies between countries and sectors. In this regard, analyses should be undertaken on how trade can benefit those sectors that are labour-intensive or generate income opportunities for the poor, women and youth;

4. *Stresses* that the development of productive capacity in higher value added goods in agriculture, manufacturing and services, combined with appropriate policies, including an export-led strategy, offers expanded potential for job creation and poverty reduction. The need for broad-ranging and competitive producer services is essential in this respect, including in the financial sector, particularly for small and medium-sized enterprises;

5. *Acknowledges* the importance and the benefits of the services sector as a source of trade and employment and calls for a closer analysis on how to harness fully its potential in ensuring competitiveness, as well as reducing poverty, creating employment and providing good prospects for women and young entrepreneurs;

6. *Requests* UNCTAD to continue to support developing countries in their efforts to design and implement comprehensive, integrated and coherent national trade and development strategies; conduct further studies in close collaboration with the International Labour Organization and other relevant organizations to clarify the relationship between trade, employment, social inclusiveness and poverty reduction; examine strategies that would contribute to making trade an engine for creation of decent work; and support commodity-dependent developing countries and smallholder farmers, especially in Africa, in formulating sustainable and inclusive national development strategies and in promoting movement in the value chain; and encourages continued cooperation in the implementation and follow-up of its work in this regard.

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<sup>1</sup> As adopted at the final plenary meeting held on 21 June 2013.

## 2. Key trends in international transport and implications for development (Agenda item 5)

### *The Trade and Development Commission*

1. *Takes note* of the UNCTAD report on recent developments and trends in international maritime transport affecting trade of developing countries;

2. *Recognizes* the major importance of global sea shipping services for trade and trade competitiveness, as well as the necessity to foster access to such services by developing countries. Access to global sea shipping services can be improved, while taking into account the challenges faced by some developing countries, through development of the transportation industry and services, infrastructure improvements, and enabling regulatory and institutional frameworks, as well as comprehensive national and regional transport and trade facilitation policies and strategies;

3. *Acknowledges* the importance of fostering the technical and financial capabilities of developing countries, including through activities and programmes, to adopt and implement sustainable freight transport development policies in order to preserve and support their trade competitiveness in the future;

4. *Recognizes* the need for developing countries to have access to the necessary technical and financial assistance as well as capacity-building in the implementation of trade facilitation, with a view to increasing their effective participation in the global trading system;

5. *Requests* UNCTAD to continue to coordinate where possible with the relevant international organizations in monitoring, analysing and assessing the evolution of international transport systems and trade facilitation and to assist developing countries in better understanding and addressing the emerging challenges and opportunities of trade logistics in order to gain from the global trading system;

6. *Requests* UNCTAD to continue providing its support in building long-lasting capacities in developing countries to design and implement their national priorities, development strategies and specific policy actions in the areas of trade logistics, trade facilitation, customs automation and transport infrastructure and services; and encourages continued cooperation for the implementation and follow-up of its work in this regard.

## II. Chair's summary

### A. Opening of the session

1. The following speakers made opening statements: the Deputy Secretary-General of UNCTAD; the representative of Ecuador on behalf of the Group of 77 and China; the representative of Ethiopia on behalf of the African Group; the representative of the Islamic Republic of Iran on behalf of the Asian Group; the representative of Peru on behalf of the Group of Latin American and Caribbean States; the representative of Paraguay on behalf of the landlocked developing countries; and the representative of the European Union. Statements were also made by the representatives of China and Mexico. A statement was also made by a representative of the International Federation of Freight Forwarders Associations. A statement was circulated by the Global Network of Export-Import Banks and Development Finance Institutions. Statements were also made by the Director of the Division on International Trade in Goods and Services, and Commodities, and by the Director of the Division on Technology and Logistics.

2. The Deputy Secretary-General of UNCTAD emphasized that the nature of the link between trade, employment and poverty reduction was gaining renewed attention in the international arena because, despite unprecedented growth in global trade flows, unemployment and poverty remained key development challenges in many countries. He noted that world merchandise trade had increased dramatically over the past decade, reaching \$18 trillion in 2012. Developing countries accounted for an increasing share of this trade, with almost half of world trade originating in them in 2011. At the same time, the expansion in trade flows had not always resulted in higher employment or poverty reduction. He cited the example of South-East Asia to note that many newly created jobs could be attributed to trade growth, but not necessarily to trade liberalization.

3. The Deputy Secretary-General further commented on recent trends in international transport and their implications for development. First, he noted the growing share of developing countries in seaborne trade on both the demand side (as part of the global supply chain) and the supply side (as they increasingly participated in the different aspects of the shipping industry). Second, based on data collected for the UNCTAD Liner Shipping Connectivity Index, he warned about the adverse consequences that a growing degree of concentration in the maritime industry could have for smaller economies. Lastly, he insisted on the need to adapt transport infrastructure to the likely impact of climate change. Within the context of transport, he highlighted the training courses for port managers in developing countries focused on strengthening port efficiency carried out by the Train for Trade programme.

4. The representatives of three regional groups, one intergovernmental group and one delegation recognized the importance of trade as an engine for growth, job creation and poverty reduction, and that the link between these areas was complex. Trade liberalization or openness as such did not necessarily guarantee job creation. The representative of another regional group highlighted that trade liberalization could be a necessary condition for economic growth but it was not a sufficient one. In this regard, it was important to distinguish between trade and trade liberalization. Moreover, the representative of one regional group stated that trade was not an end in itself, but a means of achieving development goals.

5. The representatives of several regional groups, the representative of one international organization and one delegation also highlighted that even an expansion of exports might not translate into employment generation and poverty reduction. The impact of integration into the global economy on employment varied, depending on how different sectors were affected, participation in regional and global value chains, and market access and entry conditions. It was also emphasized that particular attention should be paid to whether trade benefited sectors that were labour-intensive or generated income opportunities for the poor and other marginalized groups. The representatives of two regional groups emphasized the need for enhanced market access for exports of developing countries, addressing non-tariff barriers and building business competitiveness to promote trade growth to foster employment and poverty reduction. Good governance, strong market focus and dialogue between the private sector and the state, environmental protection and social protection policies were also highlighted.

6. The representative of one regional group noted that although income inequality among countries had been decreasing, income inequality within countries was increasing. Some reasons for this trend included rising unemployment and decreasing wages. Some delegations pointed to the need to address such deep-rooted problems by way of finding sustainable solutions through sound global economic and financial governance.

7. Some delegations stated that an export-led strategy combined with the development of productive capacity in higher value added goods in agriculture, manufacturing and services offered greater potential for job creation and poverty reduction. To complement

these efforts, governments would need to increase investment in complementary sectors such as education, training and skill development. As a country then progressed up the development ladder, it could calibrate its degree of trade liberalization with the need to build competitiveness and engage in international trade.

8. The representatives of two regional groups stressed that integration into the global trading system through trade in goods and services could lead to economic growth in developing countries when also accompanied by investment, technology and finance as well as supportive trade infrastructure including trade facilitation. The representatives of two other regional groups highlighted the contribution of the services sector to employment creation and poverty alleviation. One delegation referred to the Global Services Forum-Beijing Summit held in May 2013 as a useful contribution to harnessing the development contribution of the services sector. Another delegation expressed that advancing work on services statistics would be useful in trade negotiations, policy design and regulation. The representative of one regional group made the point that liberalization of services to foster exports should be calibrated with the appropriate capacity of each country to regulate services, as demonstrated by the last financial crisis. The representative of another regional group and another delegation noted that agriculture remained an important sector for employment in developing countries. This was illustrated, for example, by the UNCTAD study entitled “Mexico’s Agriculture Development: Perspectives and Outlook”.

9. The representatives of several regional groups and three delegations called for UNCTAD to support developing countries in designing and implementing a comprehensive, integrated and coherent national development strategy, conducting further studies to clarify the relationship among trade, growth and employment, in close collaboration with other organizations, and studying those strategies that could strengthen the impact of trade growth on creating new employment, especially for women, youth and disadvantaged groups. Such an examination could also take into account the ongoing work to prepare a post-2015 United Nations development agenda and sustainable development goals.

10. The representatives of several regional groups agreed on the weight of maritime transport in global trade and acknowledged the useful work undertaken by UNCTAD in this regard (i.e. the flagship publication, *Review of Maritime Transport*). The representative of one regional group called on the secretariat to study the consequences as well as the opportunities and challenges faced by developing countries in the field of maritime transport.

11. The representatives of several regional groups noted the importance of granting developing countries access to new technologies in the field of transport, especially those technologies enabling cleaner and environmentally friendlier transport. The representative of the landlocked developing countries expressed appreciation for the work carried out by UNCTAD regarding transport policies, particularly relevant for landlocked least developed countries and small island developing States.

12. The representative of one intergovernmental organization highlighted the positive impact that trade facilitation reforms in policy and regulatory frameworks and the improvement of infrastructures could have on trade, owing to a reduction in border crossing time. The representative also stressed the importance of regional integration to reinforce the impact of these reforms. The representative of one regional group drew attention to the high return on investment of trade facilitation policies, as demonstrated by the UNCTAD technical assistance programmes in customs reforms. Trade facilitation programmes had an empirically direct positive impact on development, including the formalization of the informal sector. As a result, administrations became efficient, government revenue increased, transaction costs diminished and national trading communities became more

competitive. Technical assistance programmes such as the Automated System for Customs Data were of special relevance for some countries.

13. One participant highlighted the importance of logistics and transport in the creation of jobs and added value.

14. The representative of one regional group expressed appreciation for the Train for Trade port training course and gave the example of the course held in May in Spain. The representative of another regional group expressed high appreciation for the twenty-first regional course on key issues on the international economic agenda held in Morocco in August 2012. This flagship course of UNCTAD filled a trade capacity gap for policymakers from Africa and the secretariat was encouraged to increase its capacity-building programmes. The representative of one regional group also referred to the twenty-sixth course held in Colombia for policymakers in Latin America and the Caribbean.

15. Responding to the statements by delegations, the Director of the Division on International Trade in Goods and Services, and Commodities reiterated the role of the Commission in conducting policy dialogue, considering reports of expert meetings and promoting synergy among the three pillars of work of UNCTAD. As regards employment creation and poverty reduction, he stated the increasingly important contribution of services especially in providing new opportunities. Other areas of UNCTAD work that could contribute to enhancing trade and fostering job creation, including for women and youth, would be discussed. In reference to the ongoing process of defining post-2015 development agenda, he stressed that there was a link between trade and sustainable development, but that trade was a means to development and not an end. The international trading system was undergoing major changes with the rising participation of developing countries and growth of global value chains. Tariffs remained important barriers to be addressed although their relative weight had declined while that of non-tariff measures had increased.

16. The Director of the Division on Technology and Logistics also reminded participants of the historical link between UNCTAD and the topics of international transport and trade facilitation, in particular maritime transport and customs automation. She emphasized the growing importance of the work of UNCTAD in trade facilitation, especially in the context of the agreement currently being negotiated at the World Trade Organization. UNCTAD had been in the avant-garde of relevant trends such as multimodal transport, containerization and the use of new technologies in border crossing and customs procedures. She warned of the consequences of the economic slowdown on the supply of maritime services as well as the consequences of the rising security-related costs. The Director also highlighted the increased attention paid to sustainable transport in the international debate on development. She referred to the positive feedback received for the port management course of the Train for Trade port training programme which had recently taken place in Marseille, France, for the benefit of 10 French-speaking African countries and Haiti.

## **B. Reports of expert meetings**

### **1. Reports of the multi-year expert meetings**

#### **(a) Multi-year Expert Meeting on Trade, Services and Development**

(Agenda item 3(a)(i))

17. The Commission took note of the report of the Multi-year Expert Meeting on Trade, Services and Development on its first session (TD/B/C.I/MEM.4/3).

18. The Chair of the expert meeting presented the report, noting that deliberations by experts focused on infrastructure services sectors. Participants concurred that there was a

global investment gap and discussed the pros and cons of various options to bridge this gap, including foreign investment, public–private partnerships, innovative funding mechanisms (e.g. project bonds) and infrastructure sharing with regional integration schemes. The opportunities and limitations of privatization were discussed and several criteria for deciding whether or not to keep an infrastructure sector public or to privatize it were presented. Country examples illustrated the responsibilities of regulators where the state had moved away from the supply of services to provide an enabling environment in which private actors supplied services. Strategies to deal with challenges of public–private partnerships were discussed. These included sound regulatory and institutional frameworks dealing with project preparation, negotiations and evaluations aimed at limiting the instances of contract renegotiations, embedding regulations in the contracts themselves and output-based contracts, such as those using performance benchmarks so as to improve contract management and execution. Benchmarking performance in infrastructure services sectors had become common to improve service quality, enhance accountability and efficiency. Some agreement emerged regarding that in principle no distinction should be made between the benchmarking of private operators and that of public operators. On stimulating innovation, a bidirectional relationship between innovation and regulation was highlighted. In regulated utilities, innovation might not be natural. Experts reemphasized the importance of universal access as a policy objective in the regulation of infrastructure services sectors with a bearing on achieving the Millennium Development Goals.

19. The Chair stated that the expert meeting had been successful in terms of the exchange of experiences, best practices and lessons learned with regard to infrastructure services sectors. Member States had called on UNCTAD to continue facilitating exchanges of experience and lessons learned and to further deepen its work, as appropriate, in new areas emerging from the deliberations as they related to infrastructure services sectors.

**(b) Report of the Multi-year Expert Meeting on Commodities and Development**

(Agenda item 3(a)(ii))

20. The Commission took note of the report of the Multi-year Expert Meeting on Commodities and Development on its fifth session (TD/B/C.1/MEM.2/23).

21. The Chair of the expert meeting presented the report to the meeting.

22. Responding to the presentation, the representative of one regional group and one delegation highlighted the importance of value addition and policies to assist commodity-dependent developing countries in moving up the commodity value chain. Commodity-dependent developing countries should define clear strategies and policies and create enabling environment to enhance value addition, in particular focusing on education and training programmes, energy supply and infrastructure development.

23. The representative of the regional group and the delegation also expressed their concerns about the unsustainability of funding for the Global Commodities Forum. The representative of the regional group and another delegation highlighted that the Forum provided a unique multi-stakeholder platform for developing countries, in particular for commodity-dependent developing countries in Africa, to debate commodity-related development issues. The representative of the regional group urged the UNCTAD secretariat to continue mobilizing funds for the Global Commodities Forum 2014 and called for financial support from development partners.

(c) **Report of the Multi-year Expert Meeting on Promoting Economic Integration and Cooperation**

(Agenda item 3(a)(iii))

24. The Commission took note of the report of the Multi-year Expert Meeting on Promoting Economic Integration and Cooperation on its first session (TD/B/C.I/MEM.6/3).

25. The Vice-Chair-cum-Rapporteur of the expert meeting presented the report. The expert meeting explored the role of different partnership initiatives and cooperation mechanisms in supporting infrastructure development to promote economic integration among developing countries, and identified key factors behind successful experiences and critical constraints that many developing countries were still facing.

26. The first session of the meeting documented the significant infrastructure and financing gaps existing across the South and the need for a major increase in infrastructure investment to alleviate growth constraints.

27. One mechanism discussed was public–private partnerships for the provision of infrastructure services, especially in the energy, communications and transport, and water sectors. Although in theory public–private partnerships were expected to create synergetic dynamics by drawing on the strengths of each partner for efficiently delivering public services at a lower cost than what the public sector could deliver, the evidence suggested that this was not necessarily the case. Public–private partnerships had been beset with problems and limitations. Developing countries must strengthen both regulatory and technical capacity if they wanted to pursue this financing option.

28. The limitations of different funding mechanisms for infrastructure development in developing countries had shifted the focus back to regional development banks, including those with a strong South–South dimension. Another mechanism discussed was having these institutions as providers of direct funding for infrastructure and financing instruments that shared risks better between lenders and borrowers.

29. Finally, the role that infrastructure development could play in facilitating trade and foreign investment was discussed, as well as trade facilitation itself, which covered a much broader range of activities and arrangements which could be strengthened by domestic policy action and through international financial and technical assistance. The appropriate degree of policy space was also seen as essential to making any trade facilitation agreement development oriented.

(d) **Report of the Multi-year Expert Meeting on Enhancing the Enabling Economic Environment at All Levels in Support of Inclusive and Sustainable Development**

(Agenda item 3(a)(iv))

30. The Commission took note of the report of the Multi-year Expert Meeting on Enhancing the Enabling Economic Environment at All Levels in Support of Inclusive and Sustainable Development on its first session (TD/B/C.I/MEM.5/3).

31. The Vice-Chair-cum-Rapporteur of the expert meeting presented a summary of the report on the first session. The issues mentioned included the current economic slowdown in the developed world, as well as the potential effects of the slowdown on the exports of developing countries, especially those reliant on export-led development strategies. In addition, issues regarding the instability of the financial system were mentioned in light of the interdependence of the global financial system, especially regarding volatile capital flows.

32. Attention was also given to the role that the UNCTAD statistics database could provide in measuring the effects of external shocks and adopting appropriate development strategies.



## 2. Report of the Expert Meeting on Tourism's Contribution to Sustainable Development

(Agenda item 3(b))

33. The Commission took note of the report of the Expert Meeting on Tourism's Contribution to Sustainable Development (TD/B/C.I/EM.5/3), which was presented by the Chair of the expert meeting.

34. The Chair of the expert meeting stressed that owing to the multifaceted nature of sustainable tourism, experts and meeting participants had addressed a broad range of issues, including sustainable tourism, public policy for tourism development, tourism and economic development, employment and poverty reduction, tourism and its linkage to the environment and climate change, natural and cultural heritage, regional strategies, tourism statistics and multilateral efforts for sustainable tourism.

35. The expert meeting had brought together more than 90 experts, practitioners and delegates and the meeting's interactive format had led to a fruitful and lively exchange of ideas, views and experiences.

36. The Chair of the expert meeting was pleased that UNCTAD could sponsor the participation of three experts from developing countries. However, given the interest in and relevance of the topic, he wished that additional funding had been available to sponsor more experts.

37. In response, the representatives of two regional groups at the Commission supported this remark by stressing the importance of enabling policymakers to participate in expert meetings to share views and learn from each other.

## C. The impact of trade on employment and poverty reduction

(Agenda item 4)

38. The Director of the UNCTAD Division on International Trade in Goods and Services, and Commodities introduced the note on the theme prepared by the secretariat (TD/B/C.I/29). Trade was an opportunity for developing countries to create jobs but trade liberalization was not automatically leading to employment and poverty reduction. Complementary policies such as regulatory and institutional frameworks tailored to local conditions, skill development, including for women, infrastructure and development of productive capacities were needed. The impact of services trade on employment had been less researched despite the high and rising importance of services for employment and competitiveness of other sectors. Services trade was a promising area for the creation of good jobs in developing countries including for women.

39. Four other panellists – from one delegation and three international organizations – then made presentations on the impact of trade on employment and poverty reduction, followed by discussions. All panellists stressed that a wealth of evidence confirmed that trade could promote growth and development in developing countries. However, the link between trade and growth on the one hand, and employment and poverty reduction on the other hand, was not automatic. The relationship was nuanced and complex, depending not only on trade liberalization and other trade “opening” policies, but also on a range of other factors such as investment in education and skill-building, modern physical infrastructure and active labour market policies as well as complementary trade infrastructure. One panellist mentioned the importance of reforms of domestic markets such as the financial and telecommunications sector and another panellist, the importance of appropriate macroeconomic policies including with respect to exchange rates. Another panellist argued that privatization would not always lead to better jobs.

40. Some delegates pointed out that the impact of integration into the global economy on employment and poverty varied among countries and sectors. Hence, analyses on how trade could benefit those sectors that were labour intensive or generated income opportunities for the poor, women and youth should be undertaken.

41. Most panellists also recognized broad-ranging and competitive producer services as key in building export capacities in the agricultural, manufacturing and even services sectors. Two panellists gave the example of energy services being crucial for manufacturing. Most panellists said that imports were as important as exports since high-quality imported intermediates increased competitiveness. Several panellists said that progressing along the global value chain in any sector required efficient services sectors.

42. Several panellists noted that trade openness had succeeded in generating growth and employment in some countries where the ingredients were in place, but not in others where they were not. Some panellists said that recent development success stories were not simple stories of trade liberalization but encompassed much more complex strategies. Most panellists noted that simple, general and unambiguous policy prescriptions for developing country policymakers that informed them about whether increased trade liberalization would generate new and additional employment opportunities were unobtainable. All panellists said that there was no one size fits all approach. Some panellists said that the poorer the country, the less likely it was to benefit from trade liberalization per se, as its overall institutional, infrastructural and productive capacity and its human capital were too underdeveloped to be internationally competitive. One panellist, however, mentioned raising trade barriers as costly for all economies and thus protectionism should be avoided. The challenges of commodity-dependent countries and the low labour intensity of mineral extraction were discussed. Despite the important discussion about jobless growth in Africa, two delegates mentioned that in several parts of Africa progress in employment creation and poverty reduction had been made.

43. Some panellists and several delegates called for more country-specific analysis and support including by UNCTAD. Existing products such as the services policy reviews and trade policy analysis studies were mentioned as helpful. Some panellists called for data requirements and continuing efforts to gather data in developing countries including for the services sector and mentioned a project proposal made by UNCTAD on trade statistics for services data. Some panellists also mentioned cooperation between the International Labour Organization and UNCTAD as well as the International Collaborative Initiative on Trade and Employment as positive examples of coordination and cooperation in the area of analysing the link between trade and employment.

44. One delegate and one participant mentioned the important role of small and medium-sized enterprises for employment creation, including particularly in the services sector. In Uzbekistan, for example, 5 million jobs were created between 2005 and 2011, of which 60 per cent were in small and medium-sized enterprises. In the transport and logistics sector companies operating globally were mostly small and medium-sized enterprises and even microenterprises.

45. All panellists agreed that the services sector would provide a high potential for employment creation in developing countries including in particular for women and highly skilled workers. Some panellists noted that wages in multinational companies and export industries were generally higher than in domestic firms. Another panellist warned, however, that the export sector sometimes attracted workers such as engineers and doctors into simple services jobs, thus preventing them from contributing more fully to society.

46. Several panellists emphasized the importance of social security systems and measures ensuring benefits from trade for broad population groups in all regions. Since trade could contribute to increased inequality, specific anti-poverty and regional

development programmes would become crucial. They provided examples of specific programmes, for instance in Mexico.

47. Discussions converged on the perspective that developing policy reform recipes to create jobs was a reiterative process rather than a one-off exercise. However, mainstreaming sustainable development principles into trade negotiations and the policymaking process could help guide national reforms and international capacity-building assistance in developing countries towards trade opening scenarios, providing higher levels of income and job creation effects. At the same time, one delegate argued that international cooperation was critical in ensuring that developing country exports could enter developed country markets; theoretical market access provided by trade agreements was not enough. Therefore, to ensure that market entry followed from market access, non-tariff barriers to trade would need to be significantly reduced.

48. Several delegates requested UNCTAD to support developing countries in developing and implementing comprehensive, integrated and coherent national development strategies; conduct further studies to clarify the relationship among trade, employment and poverty reduction, in close collaboration with other organizations; and examine those strategies and sectors that could strengthen the impact of trade on creating new employment and improving working conditions.

#### **D. Key trends in international transport and implications for development** (Agenda item 5)

49. The Head of the Trade Logistics Branch of the UNCTAD Division on Technology and Logistics presented the secretariat's note (TD/B/C.I/30) on the theme to facilitate the Commission's discussions. Six other panellists from the Branch working on the forthcoming UNCTAD *Review of Maritime Transport* also made topical presentations, followed by discussions.

50. UNCTAD analysis revealed that one of the main factors driving the trend in demand for maritime transport was growth in manufactured goods, parts and components as part of the internationalization of production processes and the rise of the middle class in many developing countries, particularly in Asia, whose consumption needs were evolving and becoming more sophisticated. The region was therefore importing more finished goods. Besides increased piracy in many regions around the globe, the panellists and two delegates also discussed the future of opening up new alternative routes to maritime transport which was viewed as important for more in-depth study to assess their impact on the global demand of seaborne transport.

51. Considering the supply aspect of seaborne transport, the comprehensive data gathered by UNCTAD had traced a significant evolution in the roles of developing and developed countries in the past 20 years. The most apparent change in this regard was that developing increasingly countries took on more prominent roles in almost all key areas of the supply chain for maritime transport. Two other delegates raised the point of taking into account the importance of containerization in global trade and assessing participation of seaborne countries in the global market. The secretariat noted in this context its newly published Liner Shipping Connectivity Index 2013<sup>2</sup> which marked the tenth year of the Index, and elaborated on its work in transport issues, particularly on the importance in assessing port performance as part of an investment decision for port expansion and improvement. As regards transit, the secretariat provided advance copies of the UNCTAD

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<sup>2</sup> <http://unctad.org/lsci>.

*The way to the ocean* report (UNCTAD/DTL/TLB/2012/1) which contained comprehensive reviews of studies on transit ports and landlocked least developed countries.

52. Some delegates and the panel noted that changes in laws and regulations affecting maritime transport, advancements in multilateral negotiations on trade facilitation and the latest developments in promoting sustainable freight transport and finance gave bearing to the future enabling environment for maritime trade. In addition to the recent entry into force of Annexes V and VI of the International Convention for the Prevention of Pollution from Ships, the upcoming entry into force of legal instruments such as the 2006 Maritime Labour Convention, the 1996 Convention on Limitation of Liability for Maritime Claims and the 2002 Athens Convention relating to the Carriage of Passengers and their Luggage by Sea testified to the need for countries to be ready to meet new standards in a timely manner.

53. Despite the ongoing debate, and institutional arrangements and special and differential treatment for developing countries, the current 42 measures in the draft text for trade facilitation had been compiled and negotiated, and had become the basis for UNCTAD assistance offered to countries in their national trade facilitation implementation plans. At the time of the present report, activities in 26 countries had been completed and three more were to be launched in 2013 with additional funding from Sweden. This exercise had helped UNCTAD in identifying major non-compliance areas, the range of the time and cost requirements, and needs for technical assistance and capacity-building for developing countries and in particular the least developed countries.

54. Two delegations noted that sustainability in freight transport would entail the ability to provide transport systems that were fuel efficient, cost effective, safe, environmentally friendly and resilient to climate. To achieve this, countries would need to consider adopting an integrated approach to avoiding inefficient freight transport and operations; shifting to cleaner transport modes, clean fuels, clean technologies, etc.; and improving transport infrastructure, operations, logistics systems, safety and fuel efficiency. The public sector (as an investment provider, co-sharer of risk/guarantor or facilitator) and the private sector through public-private partnership arrangements could take up important roles in ensuring requisite funding, while climate finance instruments could also be used as leveraging devices that could help promote sustainable freight transport in several ways.

## **E. Promoting and strengthening synergies among the three pillars**

(Agenda item 6)

55. Under this agenda item, the secretariat delivered three presentations in relation to progress made in promoting and strengthening the synergies among the three pillars of UNCTAD's work since the fourth session of the Commission on Trade and Development, as reported by the Division on Technology and Logistics, the Special Unit on Commodities and the Division on International Trade in goods and Services, and Commodities.

56. The Director of the UNCTAD Division on Technology and Logistics reported on the progress made in relation to transport and trade facilitation and cross-divisional capacity-building (TD/B/C.I/CRP.4) and referred to the Division on Technology and Logistics Activity Report 2012 (UNCTAD/DTL/2013/1). The Director thanked donors and supporting agencies for the support that they had provided for the technical activities undertaken in this area.

57. The Director presented on the theme by first explaining the strategic importance of results-based management in the Division and the efforts undertaken in the current biennium, which had led to improvement of monitoring systems. The Director added that these efforts had been agreed upon in an inclusive and consensual way, which had strengthened the results-based management culture in the Division.

58. Within the area of transport and trade facilitation, the Division received highly positive feedback on its research and analysis products. Among them were the *Review of Maritime Transport*, which was a key product of UNCTAD, and several monographs. The *Transport Newsletter*, reaching up to 4,000 readers, was a flexible publication that helped to disseminate UNCTAD's work. Developed by the Trade Logistics Branch of the Division, the Liner Shipping Connectivity Index had become a reference for other organizations.

59. In the area of consensus-building, the Director explained the role played by UNCTAD during the Fourth Meeting of Ministers of Trade of Landlocked Developing Countries in Almaty, Kazakhstan, and the organization's participation in other meetings, including expert group meetings on international transport network issues related to climate change.

60. Regarding the last pillar, technical assistance, the Director mentioned some of the projects being carried out. Special attention was given to the support UNCTAD was granting to 24 countries for development of trade facilitation implementation plans. In the field of transport, she highlighted the assistance provided to Pakistan and the State of Palestine.

61. With more than 55 ongoing projects, the Automated System for Customs Data was UNCTAD's largest technical assistance programme. It brought important benefits in terms of an administrative culture of information and communications technology for eGovernment in addition to, for example, improved revenue collection and reduction of transaction time and costs.

62. When addressing future work on transport and trade facilitation, a particular focus would be put on the challenges in trade logistics faced by landlocked least developed countries and small island developing States.

63. The Director also presented cross-divisional capacity-building work that had been undertaken through two programmes. First, within the framework of the Train for Trade programme, 550 people were trained in 2012. The Train for Trade port training programme continued to provide support to three language networks. Second, emphasis was put on the delivery of six, rather than the usual five, biennial regional courses on key issues on the international economic agenda. Multi-year venues for the course had been introduced in Mauritius and Oman as well as recently in Serbia. This programme had made major progress in the use of information and communications technology tools resulting in an online course registration system, an online forum for course participants and the ability to download pre-course training materials.

64. The representatives of two regional groups thanked UNCTAD for the technical assistance provided, in particular in the areas of multi-modal means of transport, import and export facilitation and training on e-commerce, as it had a significant impact for countries in their regions.

65. The Head of the Special Unit on Commodities reported on the major activities and outputs of implementation of the provisions of the Doha Mandate related to commodities (TD/B/C.I/CRP.3). The provisions related to commodities under the Doha Mandate – paragraphs 27, 31 (i), 56 (g) and 61 – recognized the endemic commodity problematic that persisted in many commodity-dependent developing countries, particularly in Africa and the least developed countries. Further, the secretariat's work on commodities was also governed by other international agreements, mandates and resolutions, for example, the Millennium Development Goals, United Nations General Assembly resolution 66/190 on commodities and the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011–2020.

66. The secretariat provided a brief picture of the recent trends in commodity markets – e.g. the shift in the global energy balance, the shale gas revolution, renewable energies, rare earth metals and climate change. This was followed by highlights of major deliverables under the three pillars – research and analysis, consensus building and technical cooperation – which aimed at assisting commodity-dependent developing countries in improving their capacities to harness development gains and address the challenges in commodities production and trade.

67. Three delegates expressed their appreciation for the secretariat's work on commodities, and encouraged donors and members countries to support financially the technical cooperation pillar so that there were synergies, particularly with the research and analysis pillar. This would help translate or operationalize research and analysis into development programmes in commodity-dependent developing countries. One delegate noted that further impact assessment of the commodities programme in countries was important to gauge its effectiveness.

68. The representative of one regional group expressed gratitude for the secretariat's work on commodities, given that most countries in Africa were dependent on commodities, particularly the extractive industries – oil, gas and minerals, for foreign exchange, domestic employment and income creation. With the bulk of the investments in extractive industries, one delegation requested the secretariat to help these countries to develop policy measures as a means of striking a balance in investments among productive sectors, including clean energy sources such as solar and wind power.

69. The Director of the Division on International Trade in Goods and Services, and Commodities reported on the implementation of the provisions of the Doha Mandate related to key trade and development issues (UNCTAD/DITC/2013/1). The Director highlighted a few outputs of the Division, often achieved in cooperation with other international organizations, which provided a sense of the synergies achieved among the three pillars of UNCTAD. These included the handbook *A Practical Guide to Trade Policy Analysis*, co-published with the World Trade Organization; technical assistance to 22 countries acceding to the World Trade Organization in order to build their trade policy and negotiating capacities to participate effectively in the accession negotiations; the Transparency in Trade Initiative to address non-tariff measures; a tripartite peer review of competition regimes in the United Republic of Tanzania, Zambia and Zimbabwe, as well as a peer review of the competition regime in Mongolia; country-based services policy reviews, a multi-year expert meeting on services, trade and development and convening of the Global Services Forum in Beijing; an ad hoc expert group meeting on “Domestic requirements and support measures in green sectors: Economic and environmental effectiveness and implications for trade”; and the United Nations Forum on Sustainability Standards to address such proliferating voluntary standards. Furthermore, the Secretary-General of UNCTAD had taken the decision to transfer the Gender and Development Unit from his office to the Division on International Trade in Goods and Services, and Commodities, which would enhance the work on trade and gender. Additional detailed information on each area of the Division's work was provided, which member States appreciated.

70. A special presentation and discussion of the UNCTAD study entitled “Mexico's Agriculture Development: Perspectives and Outlook” (UNCTAD/DITC/TNCD/2012/2) followed. The Director of the Division on International Trade in Goods and Services, and Commodities presented the study's areas of analysis and key recommendations. The Deputy Permanent Representative of Mexico to the United Nations, the Permanent Representative of Peru to the United Nations and the Permanent Representative of Ethiopia to the United Nations then presented their comments. The study showed professionalism and a high-level of technicality, and it had a holistic perspective and multidisciplinary

approach. The study helped to overcome the possible perception of the rural areas and agriculture as a problem and not as an opportunity for development. The innovative collaboration between UNCTAD and different agencies in Mexico, including from the Government, private sector and academia, enhanced the quality and relevance of the study.

71. The speakers stressed the importance of agriculture as fundamental to development and poverty alleviation in rural areas, especially in supporting small farmers and peasants, as well as the need to increase public investment in research and development in agriculture, including in organic/green agriculture and biofuel production. This would require, inter alia, strengthening and widening existing microfinance institutions for farmers. Effective implementation of the competition policy regime was required. They also emphasized the use of agriculture to produce renewable energy as catalytic to agriculture production and the link between agriculture and environment, in terms of agriculture production, to protect the environment such as in the case of organic agriculture and biotrade. The speakers highlighted the need for agreements to open up trade in agriculture under fair rules and just gains for all, including in the World Trade Organization Doha Round, as well as the need to reduce barriers, in particular non-tariff measures, in agriculture trade and food security. They also underscored the importance of assessing the impact of regional trade agreements on agriculture development. The findings of the study could provide lessons to other countries interested in strengthening the contribution of agriculture to development, especially of the rural poor.

## **F. Other business**

(Agenda item 7)

72. The Chair submitted to the meeting for consideration the draft provisional agenda for the sixth session of the Commission, including two substantive topics proposed by the secretariat in support of the Commission and in accordance with rule 8 of the Rules of Procedure of the Main Committees of the Trade and Development Board.

73. At its closing plenary meeting, on 21 June 2013, the Commission approved the draft provisional agenda for its sixth session, leaving pending the two substantive items for further consultations by member States (see annex I). In accordance with paragraph 204 of the Accra Accord, member States would submit to the Bureau of the Trade and Development Board a final proposal on the substantive topics for the Bureau to formally consider.

## **G. Closing of the meeting**

74. Member States noted the constructive spirit of cooperation during negotiations and thanked the Chair for his able leadership of the Commission that led to the successful outcome of the meeting. In closing the fifth session, the Chair thanked member States and the secretariat for contributing to the success of the Commission.

# **III. Organizational matters**

## **A. Opening of the session**

75. The fifth session of the Trade and Development Commission was opened at the Palais des Nations, Geneva, on 17 June 2013, by Mr. Alfredo Suescum, Chair of the Commission at its fourth session.

**B. Election of officers**

(Agenda item 1)

76. At its opening plenary meeting on 17 June 2013, the Commission elected the following officers to serve on its Bureau:

<b>Chair:</b>	Mr. Reza Najafi (Islamic Republic of Iran)
<b>Vice-Chairs:</b>	H. E. Mr. Ulises Canchola Gutiérrez (Mexico) Mr. Muhsin Syihab (Indonesia) Mr. Leulseged Tadesse Abebe (Ethiopia) Ms. Rhea Tsitsani (Greece) Ms. Catherine Weber (Switzerland)
<b>Rapporteur:</b>	Ms. Erika Kőszegi (Hungary)

**C. Adoption of the agenda and organization of work**

(Agenda item 2)

77. At its opening plenary meeting, the Commission adopted its provisional agenda (TD/B/C.I/28). The agenda was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Reports of expert meetings:
  - (a) Reports of the multi-year expert meetings:
    - (i) Multi-year Expert Meeting on Trade, Services and Development
    - (ii) Multi-year Expert Meeting on Commodities and Development
    - (iii) Multi-year Expert Meeting on Promoting Economic Integration and Cooperation
    - (iv) Multi-year Expert Meeting on Enhancing the Enabling Economic Environment at all Levels in Support of Inclusive and Sustainable Development
  - (b) Report of the Expert Meeting on Tourism's Contribution to Sustainable Development
4. The impact of trade on employment and poverty reduction
5. Key trends in international transport and implications for development
6. Promoting and strengthening synergies among the three pillars
7. Other business
8. Adoption of the report of the Commission to the Trade and Development Board



**D. Adoption of the report of the Commission to the Trade and Development Board**

(Agenda item 8)

78. At its closing plenary meeting, the Commission authorized the Chair to finalize the report under his own responsibility after the conclusion of the meeting.

## Annex I

### **Draft provisional agenda for the sixth session of the Trade and Development Commission<sup>3</sup>**

1. Election of officers
2. Adoption of the agenda and organization of work
3. Reports of expert meetings
4. The future of trade multilateralism in the context of the evolving global development agenda\*
5. Developing sustainable and resilient transport systems in view of emerging challenges\*
6. Promoting and strengthening synergies among the three pillars
7. Other business
8. Adoption of the report of the Commission to the Trade and Development Board

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<sup>3</sup> An asterisk (\*) indicates that the item is pending decision of the Bureau of the Trade and Development Board.

## Annex II

### Attendance<sup>4</sup>

1. Representatives from the following States members of UNCTAD and members of the Commission attended the session:

Algeria	Libya
Angola	Lithuania
Austria	Mauritius
Bangladesh	Mexico
Belarus	Morocco
Benin	Myanmar
Brazil	Panama
Burkina Faso	Paraguay
Canada	Peru
Colombia	Philippines
Côte d'Ivoire	Poland
Djibouti	Portugal
Dominican Republic	Saudi Arabia
Ecuador	Serbia
Egypt	South Africa
Estonia	South Sudan
Ethiopia	Spain
Guatemala	Sudan
Greece	Switzerland
Honduras	Thailand
Hungary	Togo
Indonesia	Turkey
Iran (Islamic Republic of)	United Arab Emirates
Iraq	Uruguay
Ireland	Uzbekistan
Israel	Yemen
Kazakhstan	

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

African Union  
 European Union  
 Organization of Eastern Caribbean States  
 Organization for Economic Cooperation and Development  
 West African Economic and Monetary Union

3. The following specialized agencies were represented at the Commission:

International Labour Organization  
 World Trade Organization

<sup>4</sup> This attendance list contains registered participants. For the list of participants, see TD/B/C.I/INF.5.

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

*General category*

Consumer Unity and Trust Society International

Ingénieurs du Monde

*Special category*

International Federation of Freight Forwarders Associations

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