

**UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT**

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**Division on International Trade in Goods and Services, and Commodities**

***ACTIVITY REPORT***

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## *Major outputs and lessons learned*

Note by the UNCTAD secretariat

### **Executive summary**

UNCTAD is the focal point of the United Nations for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development. The Division on International Trade in Goods and Services, and Commodities (DITC) is responsible for UNCTAD's international trade programme. This activity report is the fourth annual report by the Division. It provides an overview of the Division's work in international trade, detailed information on a range of outputs and activities delivered and an assessment of the results achieved and lessons learned that can be applied to improve the quality, effectiveness and impact of programme implementation.

The delivery of outputs and activities by the Division advances UNCTAD's programme on international trade, which was established by the United Nations General Assembly under subprogramme 3 (International Trade) of Section 12 (Trade and Development) of the United Nations programme budget for 2006–2007, and the Spirit of São Paulo and the São Paulo Consensus of UNCTAD XI. Progress towards reaching the overall objective of subprogramme 3, assuring development gains from international trade, trade negotiations and commodities, is described in chapter I. Progress achieved by the relevant branch of the Division in meeting the five expected accomplishments (intermediate goals) of subprogramme 3 is outlined in chapters II (trade negotiations), III (trade analyses), IV (commodities), V (competition and consumer policies) and VI (trade and environment).

UNCTAD/DITC/2008/1

## CONTENTS

Chapter	Page
I. OBJECTIVE OF THE SUBPROGRAMME ON INTERNATIONAL TRADE.....	1
II. TRADE NEGOTIATIONS AND COMMERCIAL DIPLOMACY BRANCH....	13
A: Major outputs and activities .....	13
(1) Intergovernmental deliberations and consensus-building .....	13
(2) Participation in WTO-related activities.....	17
(3) Technical documentation .....	17
(4) Advisory services, technical assistance and capacity-building .....	18
(5) Cooperation with other organizations .....	23
B: Assessment and lessons learned .....	24
III. TRADE ANALYSIS BRANCH .....	27
A: Major outputs and activities .....	27
(1) Intergovernmental deliberations and consensus-building .....	27
(2) Technical documentation .....	29
(3) Advisory services, technical assistance and capacity-building .....	29
(4) Cooperation with other organizations .....	31
B: Assessment and lessons learned .....	31
IV. COMMODITIES BRANCH .....	33
A: Major outputs and activities .....	33
(1) Intergovernmental deliberations and consensus-building .....	33
(2) Technical documentation .....	34
(3) Advisory services, technical assistance and capacity-building .....	35
(4) Cooperation with other organizations .....	39
B: Assessment and lessons learned .....	39
V. COMPETITION AND CONSUMER POLICIES BRANCH.....	41
A: Major outputs and activities .....	41
(1) Intergovernmental deliberations and consensus-building .....	41
(2) Technical documentation .....	43
(3) Advisory services, technical assistance and capacity-building .....	43
(4) Cooperation with other organizations .....	44
B: Assessment and lessons learned .....	45
VI. TRADE, ENVIRONMENT, CLIMATE CHANGE AND SUSTAINABLE DEVELOPMENT BRANCH.....	47
A: Major outputs and activities .....	47
(1) Intergovernmental deliberations and consensus-building .....	48
(2) Participation in WTO-related activities.....	50
(3) Technical documentation .....	51
(4) Advisory services, technical assistance and capacity-building .....	52
(5) Cooperation with other organizations .....	53
B: Assessment and lessons learned .....	55

*Note:* All figures are in US dollars unless otherwise specified.



## I. OBJECTIVE OF THE SUBPROGRAMME ON INTERNATIONAL TRADE

*To assure developmental gains from international trade, the trading system and trade negotiations in goods and services and to enhance the commodity sector's contribution to the development process for the effective and beneficial integration of developing countries and countries with economies in transition in the global economy (objective of the subprogramme 3, table 12.15 (A/60/6 sect. 12)).*

1. The subprogramme on international trade falls under the responsibility of the Division on International Trade in Goods and Services, and Commodities. The Division is composed of the Office of the Director and five Branches, namely: Commodities; Competition and Consumer Policies; Trade Analysis; Trade, Environment, Climate Change and Sustainable Development; and Trade Negotiations and Commercial Diplomacy. The 2006–2007 programme budget allocated \$23,084,600<sup>1</sup> to the subprogramme (Division). Of that total, \$22,443,700 was earmarked for 84 regular budget posts and \$650,900 for non-post requirements covering consultants and experts, staff travel and contractual services for editing and printing of publications and technical material.

2. UNCTAD XI in 2004 led to the adoption of the Spirit of São Paulo and the São Paulo Consensus, which emphasized qualitative integration into the international trading system of developing countries and countries with economies in transition. In this spirit and in line with the subtheme of the São Paulo Consensus, “assuring development gains from the international trading system and trade negotiations”,<sup>2</sup> which was reiterated at the Mid-Term Review of the São Paulo Consensus by the Trade and Development Board, the Division delivered a series of outputs. These outputs helped developing countries and countries with economies in transition to (a) analyse, formulate and implement appropriate trade policies and

strategies at the national, regional and international levels in international trade and trade negotiations; (b) deal effectively with restrictive business practices and promote environmentally friendly development; and (c) integrate commodity production and trade into the development process.

3. An array of analytical, technical and intergovernmental consensus-building activities was implemented by the Division in 2007, contributing to the achievement of the expected accomplishments for the 2006–2007 biennium. The Division implemented 92 per cent of the activities mandated for the biennium, which accounted for 37 per cent of total UNCTAD output during that period. This was achieved through greater in-house collaboration that added value to UNCTAD-wide outputs, and through cooperation with United Nations organizations, international and national organizations, academia, the private sector and civil society.

4. At its forty-first Executive Session (18–20 April), the Trade and Development Board agreed on the theme and four subthemes of UNCTAD XII (see box 1)<sup>3</sup> Subsequently, the Division contributed to UNCTAD-wide efforts to support the preparatory process for UNCTAD XII. The Division participated in the work of the Conference Coordinating Committee set up by the Secretary-General of UNCTAD. It provided substantive inputs to the preparation of the Report of the Secretary-General of UNCTAD to

<sup>1</sup> This accounts for 20.5 per cent of the total UNCTAD budget for the biennium of \$112,530,900 (A/60/6 sect. 12).

<sup>2</sup> Paras. 95–108 (TD/410).

<sup>3</sup> See Report of the Trade and Development Board on its forty-first executive session (TD/B/EX(41)/3 (vol. I)).

UNCTAD XII entitled "Globalization for Development: Opportunities and Challenges",<sup>4</sup> and the issue note, "Globalization and Inclusive Development"<sup>5</sup> prepared for the High-level Segment of the Conference on Trade and Development for Africa's Prosperity: Action and Direction. At the request of member States, including the Group of 77 and China, and the European Union, the Division worked with them on the theme and sub-themes of UNCTAD XII to promote awareness of key trade and development issues emerging from globalization and the role of UNCTAD in helping countries maximize development gains and minimize attendant costs. The Division provides support to the Chair of the UNCTAD XII Preparatory Committee and the member States in their preparation and negotiation of the outcome document (pre-conference negotiation text) for UNCTAD XII.<sup>6</sup>

<b>Box 1. UNCTAD XII theme and subthemes</b>
<p><b>Theme:</b> <i>Addressing the opportunities and challenges of globalization for development</i></p> <p><b>Subthemes</b></p> <ol style="list-style-type: none"> <li>1. Enhancing coherence at all levels for sustainable economic development and poverty reduction in global policymaking, including the contribution of regional approaches;</li> <li>2. Key trade and development issues and the new realities in the geography of the world economy;</li> <li>3. Enhancing the enabling environment at all levels to strengthen productive capacity, trade and investment: mobilizing resources and harnessing knowledge for development;</li> <li>4. Strengthening UNCTAD: Enhancing its development role, impact and institutional effectiveness.</li> </ol>

5. The Division is responsible for the preparation, including that of background documents, and servicing of two UNCTAD XII interactive thematic round tables to be held on 23 April 2008. The round-table discussions will focus on the changing face of commodities in the

twenty-first century and the emergence of a new South and South-South trade as a vehicle for regional and interregional integration for development, respectively. On the evening of the same day, the Division will service a ministerial meeting of the Global System of Trade Preferences Committee of Participants. Additionally, as an input to substantive preparations by member States of the conference, the Division held several pre-events in 2007, with plans for others in 2008. In addition, it intends to organize several side events during the conference (see box 2). Further, the Division will organize the UNCTAD Secretary-General's High-Level Multi-Stakeholder Dialogue on Commodities in the context of UNCTAD XII, to be held in Geneva on 28 and 29 January 2008. It contributed to efforts to promote UNCTAD XII in New York at the sixty-second session of the United Nations General Assembly. The Division also promotes the Conference during technical cooperation and advisory missions. For example, at the request of the Government of the Philippines, the Division supported and serviced a multi-stakeholder consultation on UNCTAD XII and its contributions to the achievement of the Millennium Development Goals on 3 and 4 December.

<b>Box 2. UNCTAD XII pre-events and side events serviced by the Division</b>		
<i>Pre-events</i>		
<i>Event</i>	<i>Date</i>	<i>Venue</i>
1. Global Initiative on Commodities	7–11 May 2007	Brazil (Brasilia)
2. India-Africa Hydrocarbon Conference and Exhibition	6–7 November 2007	India (New Delhi)
3. Meeting on trade and development implications of tourism services for developing countries	19–20 November 2007	Switzerland (Geneva)
4. Biofuels: An option for a less carbon-intensive economy	4–5 December 2007	Brazil (Rio de Janeiro)

<sup>4</sup> TD/413.

<sup>5</sup> TD/B/54/7.

<sup>6</sup> TD(XII)/PC/1.

*I. Objective of the subprogramme on international trade*

5. Aid for Trade: Global and regional perspectives workshop	24–25 January 2008	Thailand (Bangkok)
6. Secretary General’s High-Level Panel on Creative Economy and Industries for Development	14–15 January 2008	Switzerland (Geneva)
7. Spread of sustainable standards: Successful strategies for smallholder	(to be confirmed in early 2008)	East Africa (to be confirmed)
8. South–South trade in Asia and role of regional trade agreements	25 March 2008	Japan (Tokyo)
9. Lessons learned from South–South trade in Asian regions	2–3 April 2008	Switzerland (Geneva)
10. Quantitative effects of anti-competitive business practices on developing countries and their development prospects	(to be confirmed in early 2008)	(to be confirmed)
<i>Side events at Accra, Ghana</i>		
1. Exhibition of African crafts and contemporary art	20 April 2008	
2. Creative Africa concert and fashion show	22 April 2008 (evening event)	
3. Amandla Project for countries in southern Africa (energy-saving light bulbs) in partnership with Royal Philips Electronics in Lesotho	Lunchtime event	
4. Exhibition by Royal Philips Electronics of corporate social responsibility products and/or projects in developing countries, such as SMILE (Sustainable Model in	Lunchtime event	

Lighting Everywhere), a project under way in India to benefit the poorest people, especially in rural areas, and ensure them access to electrical light	
5. Launching of books on competition policy, private standards and Aid for Trade	Lunchtime event

6. The Division continued to promote awareness and understanding in developing countries, especially least developed countries (LDCs), and in countries with economies in transition of the impact of trade on the achievement of the Millennium Development Goals and other internationally agreed development goals. Accordingly, work continued to strengthen the basis for informed pro-poor trade, development policy, decision-making and trade negotiations. Division activities continued to widen and deepen the knowledge base and skills in focusing trade more purposefully to alleviate poverty and promote development.

7. Under a Development Account project on trade and the Millennium Development Goals, the Division continued to promote the development of skills and knowledge relating to the interface between various aspects of international trade and trade negotiations that is critical to policymaking and actions aimed at the timely achievement of the Millennium Development Goals. Such activities impacted on policymakers and trade negotiators in Asia, Africa and Latin America in terms of the promotion of the realization of Millennium Development Goals in tandem with international trade, commodities, WTO negotiations, South–South trade, competition policy and major United Nations conferences.

8. With regard to the UNCTAD/United Kingdom Department for International Development/India Project on Strategies and Preparedness for Trade and Globalization in India, significant progress was made in highlighting pro-poor concerns in trade

issues (see box 3). Other technical assistance activities of the Division, which are discussed in the following chapters, also helped promote the alleviation of poverty and enhance access to essential services.

**Box 3. Promoting pro-poor interests in trade issues in India**

The UNCTAD/United Kingdom Department for International Development/India Project on Strategies and Preparedness for Trade and Globalization in India furthered decision-making in 2007 in the Government's trade negotiations and policy formulation efforts and strengthened stakeholder participation, especially at the grassroots level, through the following:

- Making trade and poverty-sensitive assessments and holding stakeholder consultations in respect of India acceding to the Government Procurement Agreement (GPA) of WTO and future bilateral government procurement agreements with the United States and the European Union in the context of future India–European Union trade and investment agreements; sensitive products in future India–European Union trade and investment agreements; and empowerment of women through trade and globalization, with consultations to be held in 2008;
- Launching a University Link initiative with four research institutions: Allahabad University, Centre for Development Studies in Trivandrum, Jadavpur University and the University of Mizoram. The initiative responds to a concern from the Government of India to build up research capacities in trade and globalization in all of India. Activities will include doctoral and post-doctoral training and fellowships on trade and globalization, undergraduate programmes on the Indian economy and globalization, national workshops and international seminars on topical trade and globalization issues, studies on trade issues both global and sector specific, the building-up of a library and database on trade, training on trade and globalization for college students and faculty staff, and networking and sharing of research and analyses among the participating universities;
- Building awareness and providing training courses in South–South trade and the Global System of Trade Preferences

among Developing Countries;

- Conducting analyses and devising strategies to deal with standards and non-tariff barriers, facilitate registration of geographical indications and promote export market linkages with a view to linking poor farmers, artisans and fishermen to global trade. These actions are carried out at the grassroots level and have the potential to enhance household incomes and provide other socio-economic benefits;
- Carrying out analytical studies relating to (a) the impact of the Indo-Sri Lanka free trade agreement on the agricultural sector of Kerala, the State affected by the agreement; (b) the impact of trade liberalization in certain service sectors on employment, wages and salaries, gender and the incomes of households in abject poverty and below the poverty line in rural and urban areas; and (c) the likely socio-economic impact of geographical indications registration on the producer community comprising mainly poor farmers and artisans.

9. By way of research and application of analytical tools, the Division systematically contributes to mainstreaming development into trade. A key aspect of such work relates to services development and trade. In this regard, the Division produced a major study entitled "Assuring Development Gains and Poverty Reduction from Trade – the Labour Mobility and Skills Trade Dimension" (UNCTAD/DITC/2007/8). The study explores how labour mobility and labour integration, primarily from developing to developed countries, can be better managed in a coherent manner so as to contribute to the achievement of internationally agreed development goals. Other activities included: (a) the sensitization of trade negotiators and policymakers on key development-enhancing dimensions in the Doha Round in general, and in the mandated areas of negotiations in particular; (b) continued analysis of the implications of tariff and non-tariff issues for agriculture, non-agricultural market access and agriculture negotiations in the context of the Doha Round, and promoting consensus-building thereon; (c) in-depth analysis of the nexus between trade, poverty reduction and



development, with a focus on LDCs; (d) analysis of the implications of trade agreements for economic and social adjustments in developing countries; (e) provision of practical support to trade negotiators, especially in the context of non-agricultural market access, service, development issues, rules, trade facilitation and negotiations dealing with the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS); and (f) support to developing countries for human and institutional development in the area of trade policymaking, trade negotiations and the multilateral trading system. The Division enhanced its analyses of the interactions among factors affecting trade and human development by means of the improved Trade and Development Index, the new edition of which was released in November 2007.<sup>7</sup>

**Box 4. Working towards the Millennium Development Goals: services work programme**

Enhancing access to essential services, particularly for the poor and marginalized, can help alleviate poverty – a major element of the Millennium Development Goals. Through services assessments, research and policy dialogue, UNCTAD assists developing countries in designing appropriate policies for achieving universal access to essential services. A comprehensive review and sharing of national experiences at an expert meeting on universal access to essential services, such as education, health and water services, identified opportunities and challenges associated with different policies. It resulted in policy recommendations that offer national regulators and policymakers much-needed guidance on different options and instruments in this area. It also examined how to harness the liberalization of trade in services to improve universal access to essential services. Universal access to financial services, in particular for the poor and marginalized, is key to alleviating poverty. An UNCTAD expert meeting on financial services explored the trade and development implications of financial services such as banking or insurance for

developing countries' growth and development prospects. The meeting provided experts with a valuable opportunity to learn from others' experiences in innovative initiatives such as the Grameen Bank, whose success in microcredit and microfinance is being replicated in many countries. The meeting also highlighted the growing potential for developing countries' exports of financial services in niche areas, such as Islamic banking, microfinance and outsourcing.

10. The Division provides UNCTAD's contribution as a member in the Inter-agency and Expert Group on Millennium Development Goals Indicators of the United Nations Secretariat led by the Department of Economic and Social Affairs. It contributes data and analysis for the update of Millennium Development Goals indicators on market access, namely Indicator 38 on the proportion of total developed country imports from developing countries and LDCs, admitted free of duty, and Indicator 39 on average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries (see box 5). The Inter-agency and Expert Group prepared the Millennium Development Goals Report 2007<sup>8</sup> The Division also continued to provide policy analyses on international trade, the international trading system and trade negotiations for reports prepared by United Nations departments on the follow-up to the Millennium Declaration, and the Monterrey Consensus.

**Box 5. Millennium Development Goals Indicators 38 and 39 in 2007**

**Indicator 38:** Excluding arms, almost 76 per cent of exports from developing countries entered developed countries free of duty. Among them, LDCs enjoyed better treatment, and over 82 per cent of their exports entered duty free into the developed country market. The preference given to LDCs is somewhat weakened if oil is excluded from the calculation. Excluding arms and oil, the proportion of duty-free exports from LDCs is 79 per cent, just slightly better than the average for

<sup>7</sup> UNCTAD, *Developing Countries in International Trade 2007: Trade and Development Index* (UNCTAD/DITC/TAB/2007/2).

<sup>8</sup> United Nations (June 2007), United Nations publication (Sales No. E.07.I.15).

developing countries, 75 per cent. On this basis, the situation of the LDCs has barely improved during the last ten years.

**Indicator 39:** Tariffs imposed by developed countries on imports of agricultural, textile and clothing products from developing countries declined slightly over the period 1996–2005. Between 1996 and 2005, developed countries' average tariffs on imports of key products from developing countries fell from 10.6 per cent to 8.9 per cent for agricultural goods, 7 per cent to 3–5.3 per cent for textiles, and 11.4–8.9 per cent for clothing. Some of the reductions are an outcome of the Uruguay Round of negotiations, which resulted in a reduction in overall tariffs, while the remaining reductions are due to preferential trading agreements.

11. The Division strengthened its traditional support for South–South trade, including analyses on taking advantage of and building upon the emerging new dynamism of the South and new geography of world trade. Trade under the Agreement on the Global System of Trade Preferences among Developing Countries continued to take place, with the support of the Division. Such trade amounted to \$405.4 billion, or 22.6 per cent of their total exports in 2005. The third round of talks on the Global System of Trade Preferences among Developing Countries, held in São Paulo, intensified. Its successful conclusion will set the stage for increased inter- and intraregional trade among developing countries. A ministerial-level meeting of the participants in the talks on the Global System of Trade Preferences among Developing Countries participants is scheduled during UNCTAD XII to review the results.

12. The Division initiated and constructed a new South–South Trade Information System, which was presented at the eleventh session of the Commission on Trade in Goods and Services, and Commodities. It aims to provide comprehensive information on country-to-country trade flows among developing countries at the most disaggregated level, HS 6-digit. The Division continued networking with developing countries on

regional trade agreements and organized a high-level event to that effect at the eleventh session of the Commission on Trade in Goods and Services, and Commodities. At the same session, the Global Network of Export-Import Banks and Development Finance Institutions (G-NEXID) met and adopted its programme of work for 2007, which is now under way (see box 6). Analytical and advisory support was provided for South–South initiatives on a continuous basis. Such work also contributes to the implementation of the Doha Declaration and Plan of Action of the Second South Summit. During the UNCTAD XII conference in April 2008, an interactive thematic round table will be held on the emergence of a new South and South–South trade as a vehicle for regional and interregional integration for development. Also as a contribution to UNCTAD XII, pre-events will be conducted on South–South trade in Asia and the role of regional trade agreements. UNCTAD is further collaborating with the United Nations Development Programme (UNDP) to prepare a South Report that examines South–South trade and economic cooperation. As pointed out in subsequent chapters, the Division helped strengthen regional integration among developing countries in various areas of its work. UNCTAD also provided tailored assistance to developing countries in their efforts to strengthen South–South regional economic cooperation and integration. An example of such support to countries in the Southern African Development Community in provided in box 7.

**Box 6. Members of Global Network of Export-Import Banks and Development Finance Institutions**

G-NEXID aims to promote the financing of trade and other economic cooperation activities among developing countries and to further such trade. Its 20 members are the African Export Import Bank (Egypt), the Andean Development Corporation (Bolivarian Republic of Venezuela), the Banco Centroamericano de Integración Económica (Honduras), Banque nationale d'investissement (Côte d'Ivoire), Banque pour le financement de petites et moyennes entreprises (Tunisia), China Development

Bank (China), Development Bank of Mali (Mali), Development Bank of Namibia (Namibia), Development Bank of Zambia (Zambia), Development Bank of Southern Africa (South Africa), East African Development Bank (Uganda), Economic Community of West African States (Togo), Exim Banka S. R. (Slovakia), Export-Import Bank of India (India), Export-Import Bank of Romania (Romania), Export-Import Bank of Thailand (Thailand), Industrial Development Bank of Kenya (Kenya), Industrial Development Corporation of South Africa (South Africa), Nigerian Export-Import Bank (Nigeria) and Eastern and Southern African Trade and Development Bank (Kenya).

13. The Division's programmes continued to benefit from donor support for technical assistance and capacity-building. This enabled the Division to continue to strengthen and widen its programmes in developing countries in all regions, with a focus on least developed countries, African countries, and countries with economies in transition. Such technical cooperation programmes continue to help developing countries build and strengthen human, intuitional and regulatory capacities in policy areas within the Division's spheres of competence. The Division's technical assistance expenditure in 2006 amounted to \$9,664,000, an increase of \$784,000 over 2005.<sup>9</sup> This represented 27.4 per cent of UNCTAD's total expenditure on technical cooperation for 2006. Most of the technical assistance provided was deemed useful and relevant by beneficiaries, as evidenced by responses to evaluation questionnaires distributed and collected during events. The Division staff continued to lecture on trade in goods and services, and commodities to a wide audience, mostly upon request, and participated in various events organized by other UNCTAD divisions, international organizations or governments. The Division thus continued to promote, through technical assistance, UNCTAD's

vision and accumulated knowledge of trade to foster the qualitative and beneficial integration of developing countries into the international trading system. It participates in the UNCTAD-wide contribution to the evolving technical assistance programmes for the "Delivering as One" pilot countries.

**Box 7. UNCTAD's support for South-South trade in services – a case in point: the Southern African Development Community**

UNCTAD provided comprehensive capacity-building support to the Southern African Development Community in regional integration, services and its interface with the multilateral trading system. The programme, financed by the European Commission, strengthened human, regulatory and institutional and policymaking capacities of the Southern African Development Community Secretariat, member States and the Trade Negotiating Forum of the Community with regard to trade in services and regional integration. Substantial support was provided, inter alia, through six sectoral assessments (transport, tourism, financial, telecommunications, construction and energy services), attachment of a technical expert to the Community secretariat to enhance its institutional capacities in trade in services, servicing of the Trade Negotiating Forum and provision of hands-on technical assistance in the assessment of approaches and options in services liberalization modalities and regulatory cooperation. Such assistance was helpful to member States of the Community in their adoption in July 2007 of the Community's protocol on trade in services. This protocol will help member States of the Community tap the development potential of rapidly growing services sectors within the region.

14. The Trade and Development Board, at its forty-first executive session in April 2007, agreed that UNCTAD's technical cooperation activities should be adapted and consolidated to reduce the number of thematic themes, focusing on quality over quantity, so as to maximize the impact on development and enhance efficiency and coherence. Accordingly, the Division is developing elements of the consolidated thematic approach for consideration by members. This will shape the Division's

<sup>9</sup> Review of the technical cooperation activities of UNCTAD (TD/B/WP/195, 2 July 2007). The data for 2007 will become available in 2008.

technical cooperation approach in the future. At the same time, UNCTAD cannot meet all the demands made by countries for accessing both global public goods and country-specific and tailored programmes. In addition, several programmes reached completion in 2007 and beneficiaries have requested their extension. Examples include support for countries in the Southern African Development Community in services trade negotiations, the second phase of the Joint Integrated Programme of Technical Assistance to African Countries carried out by ITCITC, UNCTAD and WTO; the BioTrade Initiative; the Competition and Consumer Protection Policies for Latin America (COMPAL) programme, and phase II of the Capacity-Building Task Force on Trade, Environment and Development, a joint endeavour of the United Nations Environment Programme (UNEP) and UNCTAD. The Division liaises with donors and partner agencies to extend these capacity-building programmes.

15. The Division's technical cooperation programmes continued to benefit from financial support from donor countries, including Canada, Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, Norway, Spain, Sweden, Switzerland and the United Kingdom; some developing countries; and institutional donors such as the Common Fund for Commodities, the European Union, UNDP, UNEP, the United Nations Foundation, the Standards and Trade Development Facility and the United Nations Development Account. In addition, many activities have been implemented through cooperative arrangements with countries, institutions, the private sector, academia and non-governmental organizations. The Division gratefully acknowledges these contributions and seeks continued support for its programmes as the Division moves towards UNCTAD's new thematic cluster approach.

16. The Division contributed substantively to UNCTAD's servicing of regional training courses on issues high on the international economic agenda (para.

166 of the Plan of Action adopted in Bangkok at UNCTAD X). The Division held a regional training course for African countries in February in Cairo, Egypt, on two themes, the world commodity economy: implications for international trade and development; and international trade and development: Selected WTO agreements – an insight of African countries. It conducted a simulation exercise on the multilateral trade negotiations. The Division also provided these three syllabuses to the second regional course for African countries hosted in Dakar, Senegal, in October and November. These three syllabuses were adapted and delivered to the training course for the Latin America and Caribbean region held in Lima, Peru, in June and July. The Division made substantive contributions to the first and second series of short courses on key issues of the international economic agenda for heads and staff of permanent missions in Geneva. In the first series held in July, the Division provided training on the interface between competition policy, trade, investment and development; the second series, conducted on 23 November, focused on the development interface between the multilateral trading system and regional trade agreements.

17. Additionally, the Division contributed substantively to Virtual Institute courses with (a) a study tour for students of the professional Masters in International Trade Policy at the University of the West Indies in May; (b) delivery of a course on the economics of commodities production and trade for students of the professional Masters in International Trade at the University of Dar es Salaam in June; (c) a professional development workshop on a world integrated trade solution for junior lecturers of the University of Dar es Salaam in July; (d) a fellowship programme for lecturers and researchers from the University of Dakar and the University of Dar es Salaam from September to December; (e) a workshop on trade and poverty for English-speaking African academics in Dar es Salaam in November 2007; and (f) the development

of teaching material on regional trade agreements. The Division also contributed to the Virtual Institute fellowship programme for researchers from the least developed countries. Four staff members of the Division served as mentors for four junior researchers, one from Mozambique and three from the United Republic of Tanzania. The Division also collaborated with the Institute to develop training modules on regional trade agreements.

18. With regard to the Aid for Trade initiative, member States have affirmed the role of UNCTAD in this initiative as part of its provision of traditional trade-related technical assistance and capacity-building. Thus, UNCTAD continues to proactively promote the implementation of the initiative. For example, the Division coordinated the contribution of UNCTAD to and supported the participation of its Secretary-General in the first Global Aid for Trade Review conducted by WTO. The Division represents UNCTAD in WTO's Advisory Group on Aid for Trade. The Division also assisted developing country groups and individual countries in reflecting on the operationalization of the initiative. For instance, the Division, in cooperation with the Commonwealth Secretariat and WTO, helped the African, Caribbean and Pacific (ACP) States organize an informal workshop on 26 and 27 April on taking forward the recommendations of the WTO Task Force on Aid for Trade. Furthermore, UNCTAD, in partnership with United Nations regional commissions, UNDP and UNEP, is coordinating efforts in the Aid for Trade initiative. These agencies, together with the United Nations University Comparative Regional Integration Studies Programme, are jointly preparing a report on global and regional perspectives on the initiative. These agencies will also work together to hold an event in Bangkok, Thailand, in January 2008 leading up to UNCTAD XII on Aid for Trade and Development: Global and Regional Perspectives. Deliberations from this pre-event will provide information for a side event on the Aid for Trade initiative that United Nations regional commissions plan to hold during UNCTAD XII.

19. The Division provides substantive services to UNCTAD's intergovernmental machinery, including specific agenda items of the Trade and Development Board, Commission on Trade in Goods and Services, and Commodities and its expert meetings. In addition, the Division contributes to the annual session of the United Nations General Assembly with input to the international debate on trade and development, commodities and follow-up to financing for development. The Division prepared the Secretary-General's report on these items and provided substantive support to the intergovernmental deliberation leading to the adoption of General Assembly resolutions.

20. Since 2002, the Trade and Development Board has undertaken a regular review of developments and issues in the post-Doha work programme. For the fifty-fourth session of the Trade and Development Board from 1 to 11 October, the Division prepared and serviced the deliberations on the review of developments and issues in the post-Doha work programme of particular concern to developing countries. It also provided input to the preparation of documents and servicing of the High-level Segment on globalization and inclusive development; the hearing with civil society; the sixth progress report on UNCTAD-wide implementation activities in favour of LDCs; and UNCTAD's contribution to the implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields. The Division contributed to the preparation of the *Trade and Development Report 2007*,<sup>10</sup> which was discussed by the Trade and Development Board, and provided inputs to the Report by the Secretary-General of UNCTAD, the 2006 Report on activities undertaken by UNCTAD in favour of Africa (TD/B/EX(42)/2) for the Board's

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<sup>10</sup> UNCTAD/TDR/2007 (Sales No. E.07.II.D.11) includes a discussion on how best to make regional cooperation, in particular South-South cooperation, work for development.

deliberations at its forty-second executive session held on 30 April.

21. Each year, the Commission on Trade in Goods and Services, and Commodities, comprising UNCTAD member States and observers, discusses burning issues in international trade from a development perspective and builds consensus on policies and measures aimed at enhancing the beneficial participation of developing countries in the international trading system. The eleventh session of the Commission, held on 19–23 March, examined contemporary issues in the areas of commodities and development; market access, market entry and competitiveness; trade in services and development implications; and trade, environment and development. Policy reports in each of these areas provided by the Division facilitated intergovernmental deliberations.<sup>11</sup> A high-level event on networking with developing country parties to regional trade agreements was conducted with the participation of the Association of South-East Asian Nations, the Latin American Association of Development Finance Institutions, the Caribbean Community, the South Pacific Forum, the West African Economic and Monetary Union and the European Commission. At the same time, the Global Network of Export-Import Banks and Development Financial Institutions held its second annual conference and reported to the Commission on Trade in Goods and Services, and Commodities on its deliberations. The Commission also reviewed the implementation of its agreed conclusion of its last session, based on a progress report by the Division<sup>12</sup> and the Division's activity report for 2006. The recommendations adopted by the

<sup>11</sup> Commodities and development (TD/B/COM.1/82); Market access, market entry and competitiveness (TD/B/COM.1/83); Trade in services and development implications (TD/B/COM.1/85); and Trade, environment and development (TD/B/COM.1/86).

<sup>12</sup> Progress report on the implementation of agreed conclusions and recommendations of the Commission, including post-Doha follow-up (TD/B/COM.1/87).

Commission underlined, inter alia, the key role played by the Commission (see box 8).

**Box 8. Commission on Trade in Goods and Services, and Commodities:  
Generating new ideas and providing policy guidelines and options**

The Commission, at its eleventh session, agreed on the following recommendations: “based on the São Paulo Consensus, and responding to the outcomes reached by the Trade and Development Board at the Mid-term Review, as well as being cognizant of the forthcoming UNCTAD XII, the Commission stresses the importance of acting as a forum for generating new ideas and providing policy guidelines and options on maximizing development gains from the international trading system and trade negotiations. It expresses satisfaction with the secretariat documentation and takes note of reports and recommendations of expert meetings on universal access to services, logistic services, review of the energy sector and market access for small commodity producers. It expresses appreciation to donors contributing resources for the implementation of the trade-related mandates of the São Paulo Consensus and encourages them to continue to grant such support” (see Report of the Commission on Trade in Goods and Services, and Commodities on its Eleventh Session, TD/B/COM.1/88).

22. The Commission considered the reports of intergovernmental expert meetings organized during the course of 2006 on: (a) universal access to services;<sup>13</sup> (b) the participation of developing countries in new and dynamic sectors of world trade: review of the energy sector;<sup>14</sup> (c) enabling small commodity producers and processors in developing countries to reach global markets,<sup>15</sup> and the report of an ad hoc meeting on logistics services.<sup>16</sup>

23. The Division commenced preparations for the twelfth session of the

<sup>13</sup> TD/B/COM.1/EM.30/3 (14–16 November 2006).

<sup>14</sup> TD/B/COM.1/EM.31/3 (29 November–1 December 2006).

<sup>15</sup> TD/B/COM.1/EM.32/3 (11–13 December 2006).

<sup>16</sup> TD/B/COM.1/AHM.1/3 (13 July 2006).

Commission which was held on 7 and 8 February 2008, focussing its deliberations on key trade issues and globalization in order to make a contribution to UNCTAD XII. The provisional agenda for the twelfth session was decided by the consultations of the President of the Trade and Development Board on 20 July. The Trade and Development Board, at its forty-first executive session in April, agreed on two topics for intergovernmental expert meetings in 2007 – trade and development implications of financial services and commodity exchanges, and participation of developing countries in new and dynamic sectors of world trade: the South–South dimension.<sup>17</sup>

24. For the fifty-fourth session of the Trade and Development Board on 1–11 October, the Division prepared and substantively serviced the deliberations on the review of developments and issues in the post-Doha work programme of particular concern to developing countries. It also contributed to the preparation of documents and servicing of the High-level segment on globalization and inclusive development; the hearing with civil society; the sixth progress report on UNCTAD-wide implementation activities in favour of LDCs; and UNCTAD's contribution to the implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields. The Division contributed to the preparation of the *Trade and Development Report 2007*,<sup>18</sup> which was discussed by the Trade and Development Board. It further provided inputs to UNCTAD's report entitled "Activities undertaken by UNCTAD in favour of Africa",<sup>19</sup> for the Board's deliberations at its forty-second executive session on 30 April.

25. The Division is the convener of the Working Group on Trade of the Executive

Committee on Economic and Social Affairs, composed of representatives of UNCTAD, the Department of Economic and Social Affairs, United Nations regional commissions, UNEP and UNDP. The Working Group meets to enhance cooperation and synergy in the United Nations work on international aid and support to developing countries and countries with economies in transition. In 2007, as previously mentioned, the Working Group members prepared a report on global and regional perspectives on the Aid for Trade initiative and an UNCTAD XII pre-event on the same issue. The Working Group also discussed the preparation of the strategic framework for United Nations programme budget for 2010–2011. It submitted reports on its work to the meetings of principals of the Executive Committee on Economic and Social Affairs.

26. To raise public awareness of UNCTAD's international trade activities, the Division held several press conferences and disseminated press releases, e-briefs and information notes. Topics included new generation regional trade agreements and the multilateral trading system; opportunities in organic agriculture; UNCTAD's Trade and Development Index; participation of developing countries in South–South trade; the UNEP–UNCTAD symposium on environmental requirements and market access; the joint statement of ITC, UNCTAD and UNEP on airfreighting organic agriculture products; the INFOSHARE exhibition at the ECOSOC meeting; private sector standards; UNCTAD's Africa Oil, Gas, Trade and Finance Conference; South–South regional trade agreements to establish closer links; good agricultural practices as a prerequisite for market access; status of the Doha agenda negotiations and issues; approval by the Ministers of the Southern African Development Community of the services trade liberalization protocol; biofuels and the potential of new-generation biofuels technologies; *World Tariff Profiles 2006*; launching of the East African Organic Products Standard; the 11th African Oil and Gas Conference; the

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<sup>17</sup> See TD/B/EX(41)/3 (vol. I).

<sup>18</sup> UNCTAD/TDR/2007 (Sales No. E.07.II.D.11). It analyses, inter alia, how best to make regional, in particular South–South, cooperation work for development.

<sup>19</sup> TD/B/EX(42)/2.

imperative of a global commodity strategy for poverty reduction; and various commodity information notes. The Division supported efforts throughout UNCTAD and the United Nations to raise awareness of the Organization's work. It contributed to the book, *Basic Facts about the United Nations*, and the *UNCTAD Annual Report 2007*. Further, the Division's reports were widely disseminated in meetings, technical assistance activities and over the Internet.

27. In carrying out its activities, the Division cooperates with a wide range of partners: public, private and inter-governmental organizations, non-governmental organizations, international and national agencies. New entities with which cooperation was launched in 2007 included the Club of Madrid. A representative of the Club participated in the High-Level Segment of the Trade and Development Board, and UNCTAD, in the Club's annual conference, "Democratizing Energy: Geopolitics and Power" held in Madrid on 20 November. Such cooperation, which is highly appreciated by our partners (see box 9), complements normal interdivisional cooperation, such as the Division's inputs to UNCTAD training courses mentioned previously. The Division also works with the Government of Turkey. For example, representatives of the Division took part in the Conference on Foreign Trade: A Development Perspective organized in Istanbul by the Turkish Government, and discussed topical trade and development issues arising from globalization.

**Box 9. Expression of appreciation from the Club of Madrid**

"On behalf of our President, Ricardo Lagos, and of the other Members of the Club of Madrid, I would like to thank you most

sincerely for your participation in the Club of Madrid's annual conference, Democratizing Energy: Geopolitics and Power held in Madrid on 20 November. We are honoured to have had the privilege of counting on your knowledge and expertise during the event and hope that you found the discussions interesting and productive.

"The results of the deliberations clearly highlighted the need to reform existing energy governance mechanisms at both the regional and international level. In order to reach the 1.4 billion people who still have no access to modern energy services, we must break the status quo. The global energy system is fundamentally interdependent and all nations have a stake in managing it responsibly. This is a defining challenge for our times, and one that will require sustained and effective action for decades."

Fernando Perpiñá-Robert, Secretary General, Club of Madrid

(Letter dated 27 November 2007 to Mrs. Lakshmi Puri, Acting Deputy Secretary-General of UNCTAD and Director of the Division).

28. The Division has taken steps to improve its operations. Several staff development training courses were contracted for its staff members through the Staff Development Section of UNCTAD. The Division, in consultation with UNCTAD'S information technology section, developed and deployed an electronic reporting tool called the UNCTAD Mission Reporter. This tool, which became operational in November, is web-based and user-friendly and comes with an interactive tutorial. It will facilitate transparency and inter-branch cooperation, centralizing information on missions carried out; it is economical and carbon-friendly and maintains the same format as the current UNCTAD mission report template.



## II. TRADE NEGOTIATIONS AND COMMERCIAL DIPLOMACY BRANCH

*Improved understanding and better ability of developing countries to analyse, formulate and implement appropriate trade policies and strategies in international trade, the international trading system and trade negotiations and improved capacity to meet the challenges of market access and entry conditions for developing countries' exports (expected accomplishment (a) of subprogramme 3, table 12.15 (A/60/6 sect. 12)).*

29. The Trade Negotiations and Commercial Diplomacy Branch helped to clarify the development dimension of the Doha negotiations, in particular with regard to meeting the Millennium Development Goals, and in key areas of the negotiations following the Sixth WTO Ministerial Conference. The Branch intensified its work in 2007 by generating evidence-based analyses, promoting constructive intergovernmental and expert dialogues and filling capacity gaps in developing countries in the areas of international trading system and trade negotiations. The Branch facilitated intergovernmental deliberations by reaffirming its commitment to the multilateral trading system. Its analytical work helped policymakers and negotiators identify policy options, assess developmental implications and support their negotiating positions, while its capacity-building activities ensured that developing countries benefit from the international trading system. Through its technical cooperation and intergovernmental activities, the Branch facilitated multilateral and regional trade negotiations, especially by assisting countries in making informed decisions and building confidence and consensus on how to ensure that trade negotiations and their results have a positive impact on people's lives. The Branch's innovative work on trade in services produced analyses and policy conclusions that provide important reference material for developing countries and the international community. Countries in the process of WTO accession or in the post-accession phase received tailor-made comprehensive assistance from the Branch, which helped them manage the complex negotiations and attendant adjustments.

### A: Major outputs and activities

30. The Branch works towards systematically mainstreaming development into international trade and trade negotiations through intergovernmental deliberations and consensus-building, research and analysis, and technical assistance and capacity-building activities. Its outputs in these areas have included multilateral negotiations under the Doha agenda, especially timely and targeted support for Geneva-based trade negotiators of developing countries; market access issues; services sector development and trade; WTO accession; regional negotiations among developing countries; negotiations between developing countries and developed countries, especially in the context of the African, Caribbean and Pacific (ACP) States and the European Union; services sector development; trade preferences; dispute settlement; and human, institutional and regulatory capacity development.

#### (1) *Intergovernmental deliberations and consensus-building*

- *United Nations General Assembly*

31. Each year, the United Nations General Assembly discusses progress and key issues in international trade and development and adopts a resolution defining its views on these issues. Since the World Trade Organization launched the Doha Round of multilateral trade negotiations in 2001, the General Assembly has paid particular attention to reviewing progress in the negotiations. In

this context, the Branch prepares the annual report of the United Nations Secretary-General on international trade and development to inform the General Assembly. The 2007 report<sup>20</sup> highlighted progress made in all areas and negotiating and policy issues in the Doha negotiations in the light of the resumption of the negotiations in February 2007 and then intensified negotiations, in particular to establish modalities on agriculture and non-agricultural market access. UNCTAD participated in the discussions of the sixty-second session of the General Assembly on the subject and subsequently supported negotiations by member States on a resolution that was adopted.<sup>21</sup> The resolution, expressing concern at the lack of sufficient progress in the Doha Round negotiations, emphasized the need to establish rules and disciplines in the area of agriculture and non-agricultural market access, as well as other areas of negotiations, adhering to the development mandate of the Doha mandate. It invited UNCTAD, in accordance with its mandate, to monitor and assess the evolution of the international trading system and trends in international trade from a development perspective, and, in particular, to analyse issues of concern to developing countries, helping them build capacities to establish their own negotiating priorities and negotiate trade agreements, including under the Doha Work Programme.

- *Trade and Development Board*

32. Since 2002, the Trade and Development Board has reviewed issues in the Doha Round negotiations of particular concern to developing countries; it has built confidence and fostered consensus on key developments in those negotiations. The Branch prepares for and services these debates. The fifty-fourth session of the Trade and Development Board conducted a comprehensive review of developments in the negotiations since their resumption in February 2007 and highlighted the implications of their suspension in July.

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<sup>20</sup> A/62/266.

<sup>21</sup> A/C.2/62/L.10.

The note by the UNCTAD secretariat on the review of developments and issues in the post-Doha work programme of particular concern to developing countries<sup>22</sup> facilitated the deliberations. UNCTAD's Secretary-General and WTO's Deputy Director-General delivered keynote speeches that also facilitated the deliberations. The session benefited from an interactive debate with the participation of Professor Jagdish Bhagwati.

33. As reflected in the President's summary,<sup>23</sup> participants in the Doha Round recognized that negotiations had reached a critical juncture; however, the need for a successful and timely conclusion to the Round, with balanced and development-oriented outcomes, was stressed. Despite the time constraints facing the Round, many participants emphasized the importance of proper content and adequate development dividends in the negotiated outcome. Participants commended UNCTAD's role in upholding and safeguarding an open, equitable, rules-based, predictable and non-discriminatory multilateral trading system. They reaffirmed the continued relevance of UNCTAD's intergovernmental consensus-building role as a positive contribution to multilateral trade negotiations. They called on UNCTAD to continue its unique policy-oriented research and analysis on trade negotiation issues affecting developing countries and its technical cooperation and capacity-building work on the international trading system and trade negotiations.

- *Commission on International Trade in Goods and Services, and Commodities, and expert meetings*

34. The Bangkok Plan of Action adopted at UNCTAD X and the São Paulo Consensus adopted at UNCTAD XI provide UNCTAD with a broad-based mandate on services economy and trade in

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<sup>22</sup> See TD/B/54/.5.

<sup>23</sup> TD/B/54/8.

services. The Branch delivers this mandate through three pillars of UNCTAD's work. As regards research and analysis and intergovernmental consensus-building, the annual session of the Commission on Trade in Goods and Services, and Commodities has regularly debated the developmental implications of trade in services, each year featuring topical issues, and has conducted an experts' examination of specific topics related to trade in services. The Branch participates in the preparation and servicing of the annual sessions of the Commission on Trade in Goods and Services, and Commodities. For its eleventh session, the Branch prepared a policy note entitled "Trade in services and development implications" with a special focus on regional trade agreements in trade in services.<sup>24</sup> It surveyed global trends in regional trade agreements on trade in services and rationales thereof, and discussed various approaches and policy implications for developing countries in fully benefiting from regional services trade and cooperative arrangements, including their interface with the multilateral trading system. Given the novelty of the phenomenon and their developmental implications, UNCTAD was requested to continue its analytical work and assist developing countries in the assessment of trade in services, regional integration processes in services, both South–South (e.g. the Southern African Development Community) and North–South (e.g. economic partnership agreements between the ACP and the European Union); and enhancing networking among regional integration groupings.<sup>25</sup> The Branch also helped brief the Commission on the Report of the Expert Meeting on Universal Access to Services and the Ad Hoc Expert Group Meeting on Logistics Services.

35. The results of the Branch's analytical work and outcomes of expert meetings on services are presented and disseminated to international conferences

and meetings, and other intergovernmental bodies, including WTO.

36. The Branch has organized a series of expert meetings focusing on specific sectors and modes of supply of trade in services of special relevance to developing countries, including universal access to services, logistics services, distribution services, professional services, insurance services. In 2007, the Branch prepared and serviced the first part of the Expert Meeting on Trade and Development Implications of Financial Services and Commodity Exchanges held on 20–21 September that focused on financial services. The experts' deliberations were based on the note by the UNCTAD secretariat, "Trade and Development Implications of Financial Services"<sup>26</sup>. Given the important role that financial services can play in an economy, the Branch stresses the need to appropriately pace and sequence liberalization and attendant supportive measures to enable the financial services reform and liberalization to generate development gains. Designing adequate policy and reform remains a key challenge for many developing countries owing to weak regulatory capacity in those countries, including in respect of capital account liberalization. The expert discussions are summarized in the meeting report.<sup>27</sup>

37. The Branch further prepared and serviced the ad hoc Expert Meeting on the Development Interface between the Multilateral Trading System and Regional Trade Agreements held on 15–16 March. The meeting discussed key developmental issues arising from accelerating trends towards regionalism, including developmental challenges of the new regionalism; regional trade agreements and market access in goods and services; regulatory provisions in regional trade agreements; enhancing South–South integration and regional cooperation; and the development interface between regional trade agreements and the multilateral trading system. The meeting

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<sup>24</sup> TD/B/COM.1/85.

<sup>25</sup> For a summary of the deliberations on this topic, see TD/B/COM.1/88.

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<sup>26</sup> TD/B/COM.1/EM.33/3.

<sup>27</sup> See TD/B/COM.1/EM.33/4.

brought together academics, experts and representatives from regional integration groupings including the Southern Common Market, also known as MERCOSUR; the Andean Community, the Caribbean Community, the Common Market for Eastern and Southern Africa, the Southern African Development Community, the Association of South-East Asian Nations and the Pacific Islands Forum. The deliberations highlighted the importance of a coherent approach to multilateral and regional trade negotiations for developing countries with a view to maximizing the benefits to be derived from all multilateral and regional trade negotiations, and identified areas of future research and assistance. They also contributed to networking among parties to South-South regional trade agreements.

38. The Branch prepared and serviced a pre-event to UNCTAD XII on tourism services on 19 to 20 November. The discussion was facilitated by a background note prepared by the secretariat entitled "Trade and development implications of international tourism for developing countries".<sup>28</sup> Participants discussed global tourism trends and their impacts on developing countries; ways and means to foster sustainable tourism development as an avenue for economic diversification and poverty reduction; the implementation of effective tourism policies to enhance competitiveness in the tourism sector; and tourism development, regional integration and General Agreement on Trade in Services (GATS) negotiations conducted by the WTO on tourism. Tourism can stimulate broad economy-wide growth and provide many jobs because the sector has strong backward and forward linkages with the overall national economy. At the national level, the meeting explored ways to build infrastructure and human capital supply capacities; strengthen economic linkages between tourism and other sectors; address economic leakage and anti-competitive practices; broaden the use of information and communication technologies in tourism marketing and management; meet international industry

standards; improve quality of employment and remuneration in the tourism sector; and reduce the negative environmental impacts of tourism. The meeting recognized UNCTAD's long-standing commitment to helping developing countries with the design of tourism policies and strategies, and with trade liberalization negotiations at both the regional and multilateral levels, including in the Doha negotiations on GATS, and recalled that this should be reflected in the UNCTAD XII mandate. The outcome of the meeting is summarized in its report, which is pending.

- *Working Party on the Medium-Term Plan and the Programme Budget*

39. The forty-ninth session of the Working Party on the Medium-Term Plan and the Programme Budget considered, among others, the progress reports on the implementation of the recommendations contained in the In-depth Evaluations of UNCTAD's Trade-Related Technical Assistance and Capacity-Building on Accession to the WTO.<sup>29</sup> It took note with satisfaction of the progress made on the implementation of the recommendations and encouraged the secretariat to continue its efforts to this end. It noted with appreciation UNCTAD's integral technical assistance, including post-accession assistance for member States and the unique, comprehensive nature and high quality of the technical assistance programme on WTO accession.<sup>30</sup> It further took note of the views expressed by a number of beneficiary countries, and in that context reiterated its call for the implementation of recommendations (a), (b) and (f) of the evaluation of the WTO accession programme, which respectively recommend that donors should provide UNCTAD with continuous and predictable multi-year funding to provide sustained, broader and deeper technical assistance and capacity-building support that spans the entire range of pre-accession,

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<sup>28</sup> See UNCTAD/DITC/TNCD/2007/12.

<sup>29</sup> See TD/B/WP(XLIX)/CRP.3.

<sup>30</sup> TD/B/WP/198/Rev.1.

accession and post-accession negotiations and implementation; enhanced budget resources should be provided to the Division in the area of trade negotiations to make it possible to accompany acceding countries throughout the entire accession process, including the post-accession phase, and to ensure that they meet their obligations, adjust to the new regime and benefit from opportunities in the multilateral trading system. In this context, accession to the WTO should be a core activity of UNCTAD; and donor coherence in utilizing UNCTAD as the main institution providing accession support is essential to avoid overlapping of programmes and competing efforts, minimize strain on countries' limited absorptive capacity and avoid confusing and conflicting advice.

(2) ***Participation in WTO-related activities***

40. The Branch continued to participate in, report on, and provide contributions when requested, to meetings of WTO bodies. These included the General Council, the Goods Council and its subsidiary bodies, the Services Council, the Agreement on Trade-related Aspects of Intellectual Property Rights Council, the Committee on Trade and Development, the Subcommittee on Least Developed Countries, the Committee on Regional Trade Agreements, the Textiles Monitoring Body, the WTO accession meetings, and the Trade Policy Review Body.

(3) ***Technical documentation***

41. In addition to the above-mentioned documentation, the following thematic, sectoral and country-specific analyses were prepared or commissioned by the Branch and utilized in national and regional negotiation forums and trade policy considerations:

- ***National services assessment:*** Several studies were carried out. They examined policy and regulatory frameworks, and the impact of the liberalization of trade in services on

developing countries in general and on a sector-specific basis, with emphasis on poverty reduction. These assessments are being implemented with the contribution and exchange of experience from other regional, international organizations as well as UNEP.

- ***Regional and country-specific analyses*** include the following:
- Trade and development aspects of insurance services and regulatory frameworks (UNCTAD/DITC/TNCD/2007/4);
- Is the concept of sustainable tourism sustainable? Developing the Sustainable Tourism Benchmarking Tool (UNCTAD/DITC/TNCD/2006/5);
- Developments and issues in the negotiations for economic partnership agreements between African ACP States and the European Union in the light of the Doha Round negotiations (UNCTAD/DITC/TNCD/2007/11);
- Mainstreaming gender into trade in Africa (UNCTAD/DITC/TNCD/2007/13);
- The role of women in poverty reduction and development: The case of East Africa (UNCTAD/DITC/TNCD/2007/14);
- Trade and development implications of international tourism for developing countries (UNCTAD/DITC/TNCD/2007/12);
- Fulfilling the Doha mandate on SDT from the perspective of African countries (UNCTAD/DITC/TNCD/2007/10);
- Conclusions and recommendations of the Regional Workshop for African Countries on the Operationalization of the Doha Mandate on SDT (UNCTAD/DITC/TNCD/2007/9);
- Assessment of trade in services of the Hashemite Kingdom of Jordan (UNCTAD/DITC/TNCD/2007/5);
- Trade in textiles and clothing: Assuring development gains in a rapidly changing environment (UNCTAD/DITC/TNCD/2006/9);

- Intellectual Property – turning it into developing countries' real property (UNCTAD/DITC/TNCD/2006/8);
- Training module for multilateral trade negotiations on agriculture (UNCTAD/DITC/TNCD/2006/7);
- Contribution of policy analyses on the international trading system and trade negotiations for reports of the United Nations Secretary-General on the follow-up to the Millennium Declaration and the Monterrey Consensus. This includes contributions to the *World Economic Situation and Prospects 2008* (United Nations publication Sales No. E.08.II.C.2).

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

42. Thanks to extrabudgetary support from donors, the Branch has developed and implements a large number of technical assistance and capacity-building projects for developing countries, especially LDCs, African countries and countries with economies in transition.

43. Doha negotiations and regional trade agreements: The Branch assisted developing countries in their preparations for participation in the Doha negotiations on modalities for agriculture, non-agricultural market access, services, trade facilitation, rules, the Agreement on Trade-related Aspects of Intellectual Property Rights and development issues such as aid for trade, among others, as a follow up to the outcome of the Sixth WTO Ministerial Conference. These included a consultation meeting, "Taking Forward the Recommendations of the WTO Task Force on Aid for Trade" organized by the Geneva Office of the ACP in collaboration with the Commonwealth Secretariat, UNCTAD and WTO (Geneva, 26–27 April 2007); technical meetings and seminars organized for individual countries, such as Botswana, Malawi, Mozambique, Cameroon, Mali, Senegal, Mauritania and Zambia, and country groups such as LDCs, the African Union and the ACP States. The Branch continued to provide support for regional

trade negotiations among developing countries, as well as negotiations with developed countries, for example, negotiations between the ACP States and the European Union on economic partnership agreements.

44. The Branch assisted Geneva-based trade negotiators, upon request, on an individual or group basis on trade negotiation issues of interest to them, particularly on agriculture, non-agricultural market access, services, LDC-specific issues, small economies and development issues. Important and timely capacity-building support was provided, particularly in services negotiations, thereby facilitating developing countries' preparedness for, and engagement in, the negotiations.

45. Aid for Trade: Against a backdrop of growing consensus on the Aid for Trade package as an essential complement to the development dimension of the Doha Round, the Branch continued to contribute to international debate on, and countries' preparations for, the conceptualization, operationalization and implementation of the Aid for Trade initiative. Upon request, it helped developing country groups and individual countries reflect on how to operationalize the initiative. For instance, the Branch, in cooperation with the Commonwealth Secretariat and WTO, assisted the ACP States in organizing an informal workshop called "Taking Forward the Recommendations of WTO's Task Force on Aid for Trade" (26–27 April 2007). The Meeting helped clarify a variety of practical issues arising from the WTO Task Force on those recommendations: bridging the gap between demand and supply of Aid for Trade, monitoring, evaluation and identification of and brainstorming on action that must be taken by ACP States, regional organizations, donors and international organizations to take forward those recommendations.

46. Joint Integrated Technical Assistance Programme: As part of its capacity-building support for the multilateral trading system, the Branch and

its partners in the Programme, WTO and ITC, work together to that end. The Programme's assistance to beneficiary countries in Africa such as Botswana, Cameroon, Malawi, Mali, Mauritania, Mozambique, Senegal and Zambia enabled those countries to play a proactive role in the Doha negotiations subsequent to the Hong Kong Ministerial Conference and to strengthen their institutional, human and entrepreneurial capacities to negotiate, implement and take advantage of WTO agreements. Close cooperation and coordination with its partners is an integral aspect of this programme. Programme activities included the following:

- The High-level Workshop of the Inter-Institutional Committees on the Doha Negotiations sponsored by the Joint Integrated Technical Assistance Programme, held in Geneva on 9–11 July, was designed for capital-based senior trade officials and other stakeholders who reviewed developments in the Doha negotiations and identified key trade and development issues for countries participating in the Programme. Agriculture, services, non-agricultural market access and trade facilitation were among the issues discussed;
- National open-door events to showcase the Programme were organized in the United Republic of Tanzania (Dar es Salaam, 25–26 January), Malawi (Lilongwe and Blantyre, 26 February – 1 March); Uganda (Kampala, 23–26 April); Senegal (Dakar, 22–25 May); Botswana (Gaborone, 11–12 June); Zambia (Lusaka, 14–15 June); Mozambique (Maputo, 18–19 June); Cameroon (Yaoundé, Douala 28–31 August); Mali (Bamako 5–7 September); Mauritania (Nouakchott, 10–11 September); and Tunisia (Tunis, 23–25 October);
- Support was provided to multi-stakeholder national inter-institutional committees to strategize on the outcome of the Sixth WTO Ministerial Conference and the Doha trade negotiations, and to monitor implementation of and adjustment to WTO agreements. Country-specific analyses were prepared to inform the trade policy community of key issues in WTO;
- Substantive and financial support for specialized national thematic workshops and supporting technical missions on the Doha negotiations in requesting beneficiary countries was given;
- WTO and ITC were assisted with the setting-up of multilateral trading system reference centres and national enquiry points in Botswana, Cameroon, Mali, Malawi, Mauritania, Mozambique, Senegal and Zambia. Training and the installation of library software were provided in cooperation with the Central Statistics and Information Retrieval Branch of UNCTAD's Division on Globalization and Development Strategies;
- The Government of Botswana; along with its Department of Commerce; and the national trade negotiation consultative body, received Programme support in its efforts to reform its trade policy.

47. At the time of writing, the current phase of the Programme was due to expire in December 2007. African countries requested an extension of the programme with a new group of beneficiary countries, and the executing agencies consulted with African countries and prospective donors to launch a new phase.

48. Support for WTO accession is a major component of UNCTAD's technical assistance programme. Some 19 acceding countries, including all acceding LDCs, receive assistance. This work, which is particularly resource-intensive, includes assistance on WTO accession negotiations before, during and after accession; implementation; policy and regulatory reform. The main donors to the accession programme are Germany, Norway and the United Kingdom. UNCTAD's work on WTO accession was evaluated positively by independent evaluators and commended by the Working Party on the

Medium-term Plan and Programme Budget. An independent evaluation described such activities as “very relevant, focused and timely, pro-development and responsive to the changing needs of the beneficiary countries”.<sup>31</sup> The Working Party, at its forty-seventh session, expressed its appreciation for “the timely, comprehensive, demand-driven and development-focused assistance” and noted at its forty-ninth session “with appreciation the integral technical assistance provided by UNCTAD, including post-accession assistance provided to member States and the unique, comprehensive and high quality” of the technical assistance programme on WTO accession.<sup>32</sup> Assistance provided included technical advice, training of officials in WTO-related issues, procurement of information technology equipment, and the provision of specialized consultancy services in specific areas to assist negotiating teams.

49. In 2007, technical and advisory missions, including Geneva-based study tours and training courses, were carried out for the following countries: Algeria (30 January–1 February; 7–11 May, Geneva-based training); Ethiopia (15–16 February); São Tome and Príncipe (3–10 March, 18–22 June); Sudan (12–14 February; 18–22 June; 13–15 December, Geneva-based training); the Islamic Republic of Iran (16 December); Bosnia and Herzegovina (10–12 October); Iraq (21–25 October, 18–22 November, in Amman); the Lao People's Democratic Republic (18–27 April, 1–5 November); Syrian Arab Republic (23–27 April (Geneva-based consultation), 2–5 December) and Yemen (4–10 February, 27–31 May). They received assistance with accession-related documents and in their preparations for meetings, including those of their Working Party. Intensive training sessions were organized in Geneva and in the capitals for members of the negotiating team on managing the Working Party on Accession. The Branch

also contributed to events organized by partner agencies, including the Islamic Development Bank Workshop on WTO Accession-related Issues for Central Asian Countries in Bishkek on 13–15 March, as well as UNDP's Workshop on Accession to the WTO for the Commonwealth of Independent States in Yverdon on 1–2 April.

50. Development of trade in services: As stated previously, the Branch delivers the mandate on services and trade in services through three pillars of its work. Thus, the Branch's technical cooperation work on trade in services is closely interlinked with, and forges synergy with, its research and analysis as well as intergovernmental deliberation and consensus-building. UNCTAD's innovative work on trade in services in terms of ground-level support and country- and sector-specific assessments have helped countries evaluate the contribution of services; reform the sector with an emphasis on development, including better access to essential services; and generate important data and reference material for multilateral and regional trade negotiations. UNCTAD performs the following services:

- Provides technical assistance for developing countries on negotiations on the General Agreement on Trade in Services (GATS), focusing on the request or offer of negotiations under Article XIX of the Agreement, and on rule-making negotiations, including domestic regulations;
- Conducts specialized group training courses on negotiating skills in services negotiations;
- Lends customized assistance for individual delegations and for group assistance for a number of developing countries on issues of common interest, in particular during regional meetings of such groupings as the Southern African Development Community, the Andean Community, the landlocked developing countries, the Association of South-East Asian Nations, the African Group and regional meetings

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<sup>31</sup> TD/B/WP/190 (21 July 2006).

<sup>32</sup> TD/B/WP/L.122 (20 September 2006) and TD/B/WP/198/Rev.1 (5 October 2007).



of Latin American countries. The Branch organized a workshop on the strategies for developing services sectors and the WTO negotiations on services (Mauritius, 13–14 September);

- Monitors and analyses proposals submitted in GATS negotiations, both on specific commitments and rule-making in the areas of domestic regulation and subsidies, and sharing these reviews with countries at their request;
- Provides advisory services for developing countries with regard to building services supply capacities, promoting services policy formulation at the sectoral level, and defining strategies for services negotiations at the national, regional and multilateral levels, and at the interface between regional services negotiations and GATS negotiations. For example, advisory missions were conducted in Bolivia, Uruguay, Peru and Ecuador to help them define a national strategy for services negotiations at the multilateral and regional levels;
- Reinforces assessment of trade in services, supporting intergovernmental deliberations and advancing awareness of topical services issues. An advisory mission was carried out in Senegal to finalize some services assessment studies (Dakar, 5–9 November);
- Profiles issues for ongoing international debate on GATS negotiations in the area of temporary movement of natural persons supplying services (Mode 4). In addition, UNCTAD is directly involved with a number of international organizations in migration. It chaired the newly created Global Migration Group for three months, contributed to a workshop on labour migration in March and to the International Symposium on International Migration and Development in June. UNCTAD participated in and contributed to relevant analyses and meetings organized on migration by

the International Organization for Migration (IOM), WTO, the World Bank and ECOSOC;

- Organizes a high-level seminar on water and free trade on 8 June in Geneva for trade negotiators and policymakers. Discussion focused on the treatment of water services under the General Agreement on Trade in Services and negotiations relating thereto in view of its importance to human survival and development;
- Further develops the Measures Affecting Services Trade, or the Multi-Agency Support Team database system for cross-country, cross-sectoral analysis of legal information related to the General Agreement on Trade in Services.

51. Support to the Southern African Development Community Regional Integration and Multilateral Trading System: The Branch has been implementing this project, with European Union support, for member countries of the Southern African Development Community. The project provides comprehensive and hands-on technical assistance in institution and capacity-building in services assessment and negotiations to the Secretariat, Trade Negotiation Forum and policymakers and trade negotiators of the Southern African Development Community. The Branch supports services assessments and preparations for (a) regional negotiations with a view to developing a regional framework on services trade; (b) participation in WTO negotiations on GATS; and (c) the challenges associated with parallel negotiations between the Southern African Development Community and the European Union on economic partnership agreements. In the implementation of the project, synergies are created with the Southern African Customs Union and the Common Market of Eastern and Southern Africa. The expertise and knowledge of the member countries' trade officials in services negotiations were strengthened through activities, including the organization of national training workshops and seminars in all the member countries;

commissioning of national assessment studies in priority services sectors and technical papers on issues relevant to the Southern African Development Community services regional integration; and provision of ad hoc working materials and studies addressing specific issues and problems identified during regional and multilateral negotiations. The Branch contributes to the Southern African Development Community Trade Negotiating Forum - Services Meeting (8th meeting in Antananarivo, 27–28 March; 9th meeting in Johannesburg, 28 June; and 10th meeting in Johannesburg, 10 December).

52. Negotiations on economic partnership agreements between the ACP and the European Union: These negotiations entered a decisive stage in 2007 with the drafting of negotiating texts on the architecture of economic partnership agreements based on the agreed regional configurations among the ACP States and between them and the European Union. The Branch provided targeted support to these economies through expert and advisory services and set up strategy sessions on these negotiations, upon request, for the ACP States and through events organized by other agencies. The following examples can be cited:

- Support was provided to the ACP in Geneva on issues interfacing the Doha Round and negotiations on economic partnership agreements, including the developmental aspects of WTO rules on regional trade agreements relating to North–South agreements, as well as agriculture, non-agricultural market access and Aid for Trade;
- Substantive support was given to the African Union in preparation of its ministerial meeting on economic partnership agreement negotiations. The Branch prepared a technical note entitled “Developments and issues in the negotiations for economic partnership agreements between African countries belonging to the ACP grouping and the European

Union in the light of the Doha Round negotiations”,<sup>33</sup>

- The Branch cooperated with UNDP, preparing and servicing the Regional Workshop for sub-Saharan African Countries on Economic Partnership Agreements: Investment, Competition and Public Procurement Issues in Brussels on 13–14 July. The Meeting, which gathered policymakers and negotiators from African members of the ACP States, assisted African countries in better preparing for the critical phase of the economic partnership agreement negotiations, including on new issues in those negotiations and their developmental implications;
- The Branch made substantive contributions to various events, including a meeting of experts organized by the ACP Secretariat on 9–11 October in Brussels to discuss institutional and legal issues relating to economic partnership agreements.

53. Generalized System of Preferences (GSP): UNCTAD continued to promote awareness and understanding among developing countries of the benefits of better utilizing preferences available under the GSP. Means included the regular provision of information on the dedicated website, collection and dissemination of data, publication of handbooks on GSP schemes and provision of other technical and administrative services. Several handbooks on the GSP and a study on rules of origin, for example, those relating to the schemes of Turkey and the European Union, are under way. UNCTAD also administers the notification of certificates of origin and proposed amendments to Form A. UNCTAD's GSP database was continuously updated on the basis of primary data submitted by the donor countries providing GSP facilities. It provides useful information on trade under various GSP schemes, including their utilization rate.

54. Dispute settlement in international trade, investment and intellectual property:

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<sup>33</sup> UNCTAD/DITC/TNCD/2007/11.

The Branch continued to develop knowledge and skills, and to help strengthen institutional capacities in developing countries to deal with dispute settlement in international trade, investment and intellectual property. It produced and disseminated 40 training modules in five areas, namely (a) trade and investment dispute settlement in international law in general; (b) International Centre for Settlement of Investment Disputes/World Bank dispute settlement in the field of international investment; (c) WTO dispute settlement as regards international trade in goods, services and intellectual property; (d) dispute settlement at the World Intellectual Property Organization (WIPO), including its arbitration and mediation centre; and (e) international commercial arbitration (United Nations Commission on International Trade Law dispute settlement). It also provided training on dispute settlement to government officials, attorneys, trade negotiators, academics, lawyers representing trade associations, corporations and law firms, and business people from developing countries. For example, training courses and workshops were held in Kutai Kartanegara on 26 April (Workshop on dispute settlement in international trade, investment and intellectual property), in Jakarta on 27–29 April (intensive capacity-building workshop on the settlement of disputes in international investment, trade and intellectual property and through regional mechanisms), in Riyadh on 4–6 June (Workshop on WTO dispute settlement procedures: Sanitary and phytosanitary measures and technical barriers to trade and agriculture) and in Istanbul on 4–6 September (Workshop on WTO dispute settlement procedures: WTO agreements on antidumping, subsidies and safeguards). UNCTAD and UNDP co-organized a training course on developing skills to negotiate more development-friendly trade-related agreements (Dhaka, 29 October–1 November).

55. Open meetings on WTO panel and Appellate Body rulings: The Branch pursued its series of interactive and open meetings in Geneva aimed at making

WTO panel and Appellate Body rulings more accessible to trade negotiators and stakeholders.

56. Issues relating to the Agreement on Trade-related Aspects of Intellectual Property Rights: The Branch provided legal and policy advice to developing countries, upon request, on negotiations of those issues in the WTO, and conducted research and analysis on issues dealing with intellectual property and development. It provided assistance on intellectual-property-rights-related regulatory reform to countries negotiating their accession to WTO.

57. The Branch also helped implement activities organized by other UNCTAD Divisions, including Paragraph 166 course and activities of the Integrated Framework for least developed countries.

58. The staff of the Branch carried out numerous advisory missions and made presentations at trade policy and trade negotiations events, including retreats in the vicinity of Geneva.

**(5) *Cooperation with other organizations***

59. The Branch maintains a wide network of partners with which it cooperates to promote development issues in trade policy and trade negotiations. For example, it provided policy analyses on the international trading system and trade negotiations for reports prepared by United Nations departments on the follow-up to the Millennium Declaration, the Monterrey Consensus, and the World Economic and Social Survey. In several of its capacity-building programmes on the multilateral trading system, such as the Joint Integrated Technical Assistance Programme, it cooperates closely with WTO and ITC. It partners with WTO in its work relating to accession to the Organization as well. The Branch services UNCTAD's partnership in the Global Migration Group, a network of international agencies active in migration issues.

60. Regular contacts and cooperation are maintained with UNDP, particularly through the Branch's involvement as a cooperating partner in the UNDP-financed Regional Programme for Trade Capacity Development for Sub-Saharan African Countries. Through this programme, the Branch liaises with UNDP's Africa Bureau and cooperating partners, including the African Union and the Economic Commission for Africa; it also takes part in capacity-building activities and project steering committee meetings. The Branch's work on negotiations on economic partnership agreements between the ACP States and the European Union has involved collaboration with a number of partners, including the ACP States, their Secretariat and office in Geneva, and the Commonwealth Secretariat. The Branch also cooperates with regional organization secretariats such as the Southern African Development Community and the Common Market for Eastern and Southern Africa, as well as academic institutions and civil society organizations such as the Third World Network. The Branch maintains regular contact and collaboration on services issues with the Organisation for Economic Co-operation and Development. Close cooperation ties have also been established with national trade institutions and trade policymakers. In addition, regular contacts are maintained with donors.

#### **B: Assessment and lessons learned**

61. Through its integrated analytical and capacity-building activities on multilateral and regional trade negotiations, the Branch has helped move multilateral and regional trade negotiations forward, assisted developing countries and countries with economies in transition in making informed decisions and helped build confidence and consensus internationally on how to ensure that trade negotiations and their results promote development and have a positive impact on people's lives. That key role should be further strengthened in UNCTAD XII processes.

62. The Branch continued to provide a comprehensive and balanced analytical review and assessment of developments in the Doha negotiations from the perspective of developing countries. In addition, it lends focused and timely technical assistance and capacity that is tailored and responsive to the needs and priorities of beneficiary countries; and ensures that its analyses and assistance are objective, evidence-based and development-focused. The positive evaluation of the Branch's work on WTO accession and the endorsement by the Working Party of this evaluation are illustrative of the development impact in countries benefiting from UNCTAD's assistance and the appreciation expressed by beneficiaries and donors.

63. The annual review of progress in the Doha negotiations by the Trade and Development Board was considered by member States to be particularly timely, useful and critical in raising awareness of developmental issues and reinforcing mutual confidence and understanding in respect of action needed to advance dialogue and negotiations in the Doha Round. It underlined the importance of UNCTAD's normative function by contributing positively to WTO processes. Similar support for the United Nations General Assembly has helped broaden awareness of the development implications of the Doha negotiations. Generally, UNCTAD's support for multilateral and regional trade negotiations, with its emphasis on the development dimension, is widely appreciated and solicited by developing countries and their organizations, and other entities.

64. The Branch's extensive network of cooperation with other entities has proved useful in successfully organizing events and widening the impact on beneficiary countries. Such cooperative arrangements will be strengthened, including intra-UNCTAD collaboration.

65. A key lesson in 2007, raised also in the evaluation of the WTO accession programme and in the 2006 Activity Report, is that the Branch implements a

diverse and large portfolio of projects, targeting the different and specific needs of developing countries while conducting its regular analytical work and servicing intergovernmental deliberations including by the General Assembly, the Trade and Development Board, the Commission on Trade in Goods and Services, and Commodities and Expert Meetings. A number of projects have ended and negotiations with donors for new funding or funding of new projects have been launched. The Branch will have to be provided with substantially increased resources, given the need to be able to respond adequately to requests for

assistance with trade policy and negotiations. This will be important in the next few years, as a number of international trade negotiations are expected to be concluded, and implementation of the resulting agreements and adjustment in countries will become a major concern while a number of regional and bilateral negotiations will continue. The Branch has to be strategically positioned to meet such needs and enable UNCTAD to make a difference and impact on the development of developing countries and countries with economies in transition.



### III. TRADE ANALYSIS BRANCH

*Strengthened analytical, statistical and information base for trade and trade-related decision-making at the national, regional and international levels (expected accomplishment (b) of subprogramme 3, table 12.15 (A/60/6 sect. 12)).*

66. The Trade Analysis Branch continued to make substantive progress in strengthening analytical, statistical and information bases and tools for trade and trade-related decision-making, especially by developing countries, at the national, regional and international levels and for enhanced global understanding of interactions between trade, competitiveness and development. Major actions were taken on addressing non-tariff barriers; reviewing dynamic and new areas such as the South–South dimension; following up on an UNCTAD–Royal Philips Electronics partnership on electronics and electricals in the Southern African Development Community; creative industries; refining the Trade and Development Index; helping move the Aid for Trade initiative forward; providing continued analytical and data support to member States in trade negotiations; quantitative monitoring and follow-up implementation of Millennium Development Goals in the area of market access; and deeper analysis of South–South trade on the basis of a new South–South Trade Information System.

#### **A: Major outputs and activities**

67. The Branch's work on trade analysis emphasized existing and new areas in which it enjoys a comparative advantage. On market access issues, for example, UNCTAD's work broke new ground in the context of non-tariff barriers, mobilizing the United Nations agencies and other relevant organizations to develop a coordinated and coherent approach to the definition, classification and collection of non-tariff barriers data using the UNCTAD database, commonly known as the Trade Analysis and Information System. In the area of new and dynamic sectors, analytical and operational activities of the Branch aimed to help

developing countries put themselves on a faster track of trade performance and domestic added value. The Branch also continued to strengthen its analytical work on South–South trade through, inter alia, monitoring the new geography and dynamics of world trade; monitoring and analysing changing patterns of developing countries' participation and share in international trade; identifying success factors, including public-private partnerships, disseminating lessons learned; and encouraging South–South trade and economic integration.

#### **(1) Intergovernmental deliberations and consensus-building**

- *Commission on Trade in Goods and Services, and Commodities, and expert meetings*

68. The Branch contributed to the preparation and servicing of the eleventh session of the Commission on Trade in Goods and Services, and Commodities held in March 2007. It prepared a policy note on market access, market entry and competitiveness,<sup>34</sup> which proved useful for the intergovernmental deliberations on tariffs affecting exports of developing countries, non-tariff barriers, developing countries' competitive export performance and their participation in dynamic and new sectors of world trade, and the energy sector including biofuels, oil and gas. High tariffs, tariff peaks and tariff escalation were highlighted as overriding concerns for developing countries since they affect the market access, market entry potential and competitiveness of their exports. UNCTAD was requested to continue and to strengthen its analytical work on these issues. National and international level

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<sup>34</sup> TD/B/COM.1/83.

measures to maximize development gains from these key trade and development issues were discussed.

69. A high-level event on networking among developing country parties to regional trade agreements was convened during the Commission. Discussion focused on the challenges and opportunities faced by developing countries which are parties to regional trade agreements, including an assessment of progress in priority areas and the way forward, and the rationale of establishing effective networks among various parties to South–South regional trade agreements and a possible role for UNCTAD in such networks. The participants welcomed the idea and initial efforts by the UNCTAD secretariat to look at possibilities of establishing effective networks among developing country parties to regional trade agreements, with a view to promoting dialogue on South–South integration. Networking among those parties was seen as an effective way to shorten their learning curves while enhancing their own regional integration objectives. Participants encouraged UNCTAD to play a leading role in and provide institutional support to such networking through a special institutional framework.

70. The Branch organized and serviced the 2007 annual review by experts of the participation of developing countries in new and dynamic sectors of world trade. The Expert Meeting on the participation of developing countries in new and dynamic sectors of world trade: the South–South dimension (16–17 October 2007) helped: (a) to analyse the rapidly evolving realities in the new trade geography by examining new and dynamic sectors of trade among developing countries, with a focus on LDCs and African countries, and the impacts on their policymaking in the areas of industrialization and gainful participation in world trade; (b) to share experiences and views on existing and future trends in policymaking and research in this area, and establish reliable research networks; and (c) to provide substantive inputs to the preparation of UNCTAD XII

under the sub-theme, key trade and development issues and the new realities in the geography of the world economy, and to the Interactive Thematic Round Table on the emergence of a new South and South–South trade as a vehicle for regional and interregional integration for development to be held on 23 April 2008 at the Conference. The sectoral review provided broad guidance on key substantive areas of UNCTAD's work on South–South trade issues, and participants recommended that South–South trade issues be kept as a priority topic on UNCTAD's agenda. The UNCTAD secretariat's background note<sup>35</sup> facilitated the deliberations. Other papers were also prepared for the meeting. Further details are provided in the expert meeting report.<sup>36</sup>

- *Group of Eminent Persons on Non-tariff Barriers*

71. Given the growing significance of non-tariff barriers in market access and entry and their manifold developmental implications, and as a concrete follow-up to intergovernmental expert deliberations on non-tariff barriers in September 2005, the Secretary-General of UNCTAD established in May 2006 the Group of Eminent Persons on Non-tariff Barriers (see box 10). Work by the Multi-Agency Support Team established to provide technical material in support of substantive work of the Group of Eminent Persons on Non-tariff Barriers led to a significant breakthrough in 2007, resulting in agreed common and substantially upgraded definitions and classification of non-tariff barriers by all participating organizations (UNCTAD, WTO, the International Monetary Fund (IMF), the World Bank, the United Nations Industrial Development Organization (UNIDO), the Food and Agriculture Organization of the United Nations (FAO), OECD and ITC). A new project aimed at improved data collection for nine pilot countries (Brazil, Chile, India, Kenya, the Philippines, Switzerland, Thailand, Tunisia and one African LDC) was launched in October 2007. This

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<sup>35</sup> TD/B/COM.1/EM.34/2 and statistical annex.

<sup>36</sup> TD/B/COM.1/EM.34/3.



represents a new substantive input to international trade policymaking and research and analysis worldwide, particularly for developing countries.

**Box 10. Members of the Group of Eminent Persons on Non-tariff Barriers**

H.E. Mr. Alan Kyerematen, former Minister for Trade, Ghana; Ms. Anne O. Kruger, former First Deputy and Managing Director of IMF; Mr. Rufus H. Yerxa, Deputy Director-General of WTO; Mr. L. Alan Winters, former Director of Development Research Group at the World Bank; Professor Marcelo de Paiva Abreu, Professor of Economics at the Pontifical Catholic University of Rio de Janeiro; Professor Alan V. Deardorff, Professor of Economics and Public Policy at the University of Michigan; Mr. Amit Mitra, Secretary-General of the Federation of Indian Chambers of Commerce and Industry; and Mrs. Lakshmi Puri, Director, Division on International Trade in Goods and Services, and Commodities of UNCTAD and Member-Secretary of the Group of Eminent Persons on Non-tariff Barriers.

and Cross-Cutting Development Issues were produced, including:

- *IBSA: An Emerging Trinity in the New Geography of International Trade* (UNCTAD/ITCD/TAB/3); and
- *Challenging Conventional Wisdom: Development Implications of Trade in Services Liberalization* (UNCTAD/DITC/TAB/POV 2006/1);
- Analytical inputs into the *World Economic Situation and Prospects 2007*, issued jointly with the Department of Economic and Social Affairs and United Nations regional commissions. This report provides an overview of recent global economic performance and short-term prospects for the world economy and of some key global economic policy and development issues. The Branch coordinated the part on trends in international trade and trade policy developments. It also contributed to the *World Economic Situation and Prospects 2008* (United Nations publication Sales No. E.08.II.C.2);
- Contribution to the United Nations Secretary-General's report on the Follow-up to and implementation of the outcome of the International Conference on Financing for Development (A/62 217);
- Contribution to a South-South Report, to be produced jointly with UNDP' South-South Unit and other Agencies.

**(2) Technical documentation**

72. The following are among the key technical reports prepared by the Branch or to which the Branch provided important inputs:

- *Developing Countries in International Trade 2007: Trade and Development Index* (UNCTAD/DITC/TAB/2007/2). This publication, the first edition of which was released in 2005, contains an improved Trade and Development Index. As a result of the deliberations at the tenth session of the Commission on Trade in Goods and Services, and Commodities, extensive work was done to enhance the conceptual, analytical and technical content of the Trade and Development Index. As requested by member States, the improved index was expanded to include more countries (123 countries);
- A number of analytical studies on topical trade issues in the series, Policy Issues in International Trade and Commodities and Trade, Poverty

**(3) Advisory services, technical assistance and capacity-building**

73. Following the sectoral review of the electrical and electronic industry, UNCTAD and Royal Philips Electronic3 Corporation have been pursuing a partnership to explore possibilities and prerequisites for establishing an energy-saving light-bulb industry in the Southern African Development Community region. In 2007, advanced consultations were close to finalization with several African countries on key practical issues, including applied customs tariffs for energy-saving lamps and components; rules of origin;

and technical standards, with a view to starting assembly production of energy-saving lamps in the region. UNCTAD, as a impartial and pro-development broker, has been helping the Governments of these African countries address these issues effectively.

74. With extrabudgetary support from Norway, the Branch, in cooperation with the Division on Investment, has conducted international research, case studies and policy debate on ways to strengthen participation of selected developing countries, particularly LDCs and African countries, in dynamic and new sectors of world trade. The project aims to (a) increase understanding of major factors for effective realization of beneficiary countries' capacities to produce, attract investment and export dynamic and new products and services with higher domestic added value, as well as supportive market support conditions, including removal and reduction of tariffs and non-tariff barriers; and (b) support the formulation of national or subregional strategies and policy measures, including South-South trade.

75. With regard to creative industries and the creative economy, the Branch has continued to provide policy advice and technical assistance in supporting government initiatives to put in place multidisciplinary public policies and institutional mechanisms for enhancing the creative economy. It has proactively facilitated the sharing of knowledge and best practices, forging strategic alliances and networking among governments, creators, the business community and civil society through its quarterly e-newsletter, "Creative Economy and Industries". The Branch participates in a multi-agency initiative to develop and implement a project on strengthening negotiations dealing with cultural industries in the ACP countries as a follow-up to a recommendation of the Second Meeting of the Ministers for Culture of the African, Caribbean and Pacific States (Santo Domingo, October 2006). The project is run by UNCTAD, the International Labour Organization (ILO) and the United

Nations Educational, Scientific and Cultural Organization (UNESCO), and will be implemented during 2007–2010.

76. UNCTAD continued to strengthen its series of specific trade-related tools to assist the work of policymakers, Trade negotiators, academics, civil society and business executives. The Trade Analysis and Information System database has been augmented with the new tariff schedules of over 50 countries since January 2007, resulting in country coverage of 163 of which 117 were of the year 2006. The World Integrated Trade Solution, known as WITS, was jointly developed by UNCTAD and the World Bank. It enables users to access those data through the Internet, and continues to be widely used by policymakers in many countries and referenced as an information source in many international and national publications. Approximately 3,000 new WITS licenses were issued between January and October 2007. Training workshops were carried out during 2007 at Government institutions in Bolivia, Ecuador, Guatemala, India, Indonesia, Peru, Sri Lanka, the United Republic of Tanzania and the United States. Training sessions were also organized at the United Nations University in Tokyo, Japan and the Economic and Social Commission for Asia and the Pacific at Bangkok, Thailand. The Trade Analysis and Information System also provides data for the calculation of indicators on market access to monitor implementation of trade-related Millennium Development Goals.

77. The Common Analytical Market Access Database was developed by UNCTAD, WTO and ITC, bringing together all data sources collected or received by each organization. This annual publication promises to be the most comprehensive market access database in the world, and is operational in the three organizations. It is planned to be made publicly available in the near future. Drawing upon this database, in June 2007, the first ever joint WTO-UNCTAD-ITC publication, *World Tariff Profiles 2006*, was released. It contains information on applied and bound customs tariffs for more

than 150 countries and territories, and is a new analytical tool for trade policymaking and trade negotiations.

78. The Agricultural Trade Policy Simulation Model is a comprehensive database and simulation-modelling software intended for use by agricultural trade policymakers who may not have knowledge of economics, modelling or programming. There is evidence of increasing use of the simulation model in developing countries to analyse agricultural impacts of alternative scenarios of trade negotiations. The simulation model is available on CD-ROM and can be downloaded from the UNCTAD website.

79. Finally, the staff of the Branch carried out various advisory missions and made presentations at a number of events relating to areas falling within the purview of the Branch. Examples include the presentation of the improved Trade and Development Index in Washington, D.C., New Delhi, Istanbul, Bangkok and Manila. It also contributed to UNCTAD-wide efforts to promote the Aid for Trade initiative.

#### **(4) Cooperation with other organizations**

80. The Branch continued its cooperation with a wide range of actors, both governmental and non-governmental. These include the World Bank, the Department of Economic and Social Affairs, WTO, ITC, IMF, UNDP, UNESCO, ILO and the United Nations regional commissions. Within the framework of work on non-tariff barriers and the Secretary-General's Group of Eminent Persons on Non-Tariff Barriers and its task force, UNCTAD is leading a multi-agency effort comprising WTO, FAO, IMF, ITC, OECD and UNIDO. The continued development and dissemination of trade analysis tools are carried out in collaboration with several agencies. For example, the development of the Trade Analysis and Information System and the World Integrated Trade Solution involves collaboration with the World Bank, and

the Common Analytical Market Access Database is a joint product of UNCTAD, WTO and ITC. The Branch cooperates with the Department of Economic and Social Affairs on the annual publication *World Economic and Social Prospects* and the United Nations Secretary-General's report to the United Nations General Assembly on financing for development. Cooperation with the private sector has deepened with Philips Corporation, on the implementation in Southern Africa of a new and dynamic sector of world trade. In the context of the preparation and refinement of the *Trade and Development Index*, the Branch cooperated with a number of academics and academic institutions. A Trade and Development Index Advisory Board was established in November 2007. The Board comprises prominent academics from various countries under the chairmanship of Professor Lawrence R. Klein, University of Pennsylvania.

#### **B: Assessment and lessons learned**

81. The Branch's work on trade analysis continued to focus on existing and new areas where there are important gaps in knowledge and expertise. On market access issues, for example, UNCTAD did ground-breaking work in non-tariff barriers, and succeeded in mobilizing the United Nations agencies and other relevant organizations for a coordinated and coherent approach to the definition, classification and collection of non-tariff barriers data using UNCTAD's Trade Analysis and Information System database. The results achieved by the non-tariff barrier multi-agency team illustrates UNCTAD's potential in mobilizing different parts of the United Nations system and other relevant organizations in this important work and to achieve a higher level of coherence and synergy in the area of new and dynamic sectors of world trade, analytical and operational activities were aimed at helping developing countries put themselves on a faster track of trade performance and domestic added value. The UNCTAD-Philips initiative in Southern Africa is a concrete and innovative example of the

trinity of UNCTAD's operations in terms of conceptualization through analysis, intergovernmental deliberations and capacity-building in the field. The focus on South–South trade in 2007 helped define important issues affecting trade among developing countries and set an innovative research agenda for the future. Another important aspect of this approach is the creative industries work of the Branch, which has expanded with the support of developing countries with a major interest in those industries.

82. UNCTAD's trade analysis tools, like the Trade Analysis and Information System and the World Integrated Trade Solution, have been useful to countries, other international organizations, the private sector and academic institutions. They have also helped identify and address market access barriers and trade opportunities, and promote informed participation in trade negotiations at multilateral and regional levels.

83. The Branch's analytical inputs have been sought in policy analyses and in academic institutions, and have helped promote UNCTAD's vision of achieving development through trade. This is also accomplished through a contribution to United Nations-wide monitoring of progress in achieving the Millennium Development Goals and to the Monterrey Consensus on Financing for Development. It also includes analyses in the refined *Trade and Development Index*; the new work on forecasting for the major emerging economies; South–South trade in the context of a new geography of world trade; and assistance with the Aid for Trade initiative. It would strengthen this work further in line with the São Paulo Consensus, relevant outcomes of the Mid-Term Review and forthcoming UNCTAD XII mandates.

## IV. COMMODITIES BRANCH

*Strengthened capacity of developing countries to integrate commodity production and trade into development (expected accomplishment (c) of subprogramme 3, table 12.15 (A/60/6 Sect. 12)).*

84. The Commodities Branch's analytical and consensus-building work assisted in deepening understanding of the relationship between commodity production and trade and poverty reduction. Such accomplishments were advanced through activities relating to the Sustainable Commodity Initiative; Commodity Diversification Guide; information on minerals and metals, including the Iron Ore Statistics report; the 11th Africa Oil and Gas and Finance Conference and the African-India Hydrocarbon Conference; agricultural commodity chains; commodity exchanges; networking, knowledge management and market transparency; and product standards.

### A: Major outputs and activities

85. The Branch's principal elements of work consisted of preparation of documents and issues notes, substantive support to meetings and technical cooperation activities. The major areas of activity were:

- **Links between the commodity sector and poverty reduction:** Focusing on making the commodity sector an instrument of poverty reduction by facilitating the access of small and poor commodity producers to markets;
- **Value chain approach:** Attention was paid to the linkages and interrelationships between different parts of the value chain, so that the stronger parts can support the weaker parts, and to support diversification towards higher-value products;
- **Financing for the commodity sector:** Promoting the use of market-based instruments for generating finance, particularly for the disadvantaged parts of the value chain, focusing on economic and institutional aspects,

and on means and modalities of compensatory financing schemes;

- **Commodity exchanges:** Focusing on the role of exchanges as facilitators for commodity-based development; UNCTAD is the only international organization active in this area;
- **Information and statistics:** Delivering user-friendly, relevant and timely information and statistics through the Internet and hard-copy publications;
- **Meeting market requirements and standards:** Finding ways to enable producers to meet both official and private sector standards;
- **Metals and minerals:** Developing ways to promote broad-based economic development and diversification in mining-dependent areas;
- **Energy:** Enhancing activities dealing with energy, particularly oil and gas, and organizing the annual conferences on oil and gas trade and finance in Africa;
- **International cooperation on commodities:** Convening and servicing United Nations conferences related to negotiations, renegotiations and functioning of international commodity bodies.

### (1) Intergovernmental deliberations and consensus-building

- *Commission on Trade in Goods and Services, and Commodities, and expert meetings*

86. The Branch prepared a policy paper for the eleventh session of the Commission on Trade in Goods and Services, and Commodities entitled "Commodities and Development" (TD/B/COM.1/82). It served as the background note to the Commission's deliberations on

commodities. The paper focused on selected areas of commodity policy that pose challenges for the international community and where UNCTAD is in a position to make a contribution to the policy debate and to implementation. The Branch also provided substantive support to the Commission, particularly with regard to the issue of commodity exchanges, market access, and market entry and competitiveness.

87. The Branch was substantively responsible for the first part of the Expert Meeting on Trade and Development Implications of Financial Services and Commodity Exchanges (3 September), including preparation of the background document "The development role of commodity exchanges" (TD/B/COM.1/EM.33/2). The outcome of the meeting is contained in the report of the Expert Meeting on the trade and development implications of financial services and commodity exchanges (TD/B/COM.1/EM.33/4).

- *Commodity-related intergovernmental meetings*

88. As a follow-up to the Meeting of African Ministers of Trade in Arusha in November 2005, and as the first pre-event of UNCTAD XII, a multi-stakeholder conference, "Global Initiative on Commodities: Building on Shared Interests" (Brasilia, Brazil, 7–11 May 2007) was prepared jointly with UNDP, the Common Fund for Commodities, and the ACP States. The Comprehensive Report of the Conference (TD(XII)/BP/1) will form a background document for UNCTAD XII deliberations on commodities. Furthermore, a brainstorming meeting on commodities for UNCTAD XII was held in Geneva on 27–28 September. The meeting, which brought together renowned experts in commodities policies, proposed an International Plan for Commodities in the context of UNCTAD XII, suggesting sets of actions to address both long-standing commodity trade and development issues and to harness development gains from the current commodity boom. Particular

attention is given to UNCTAD's contribution in this regard. An UNCTAD Secretary-General's High Level Multi-Stakeholders Dialogue on Commodities in the Context of UNCTAD XII was held for two days in January 2008. The Branch continued to assist African countries in promoting the commodity initiative in the Doha negotiations.

## (2) *Technical documentation*

89. In addition to documentation for intergovernmental meetings, the Branch prepared (and contributed to) a series of documents containing policy analyses, information, trends and data on commodity issues. These included the following.

- Contributions to the *World Economic Situation and Prospects, 2007 and 2008*; and the *Trade and Development Report 2007*;
- Report on the pre-UNCTAD XII event, Global initiative on commodities: Relaunching the commodities agenda (TD (XII)/BP/1);
- Leveraging offshore financing to expand African non-traditional exports: the case of the horticultural sector (UNCTAD/DITC/COM/2006/13);
- The iron ore market 2006–2008 (UNCTAD/DITC/COM/2007/5);
- Iron ore statistics, 2007 (UNCTAD/DITC/COM/2006/11);
- Case study on mining in Peru (ISSN 1993-7342);
- Case study on mining in Chile (ISSN 1993-7342);
- Safety and quality of fresh fruit and vegetables: A training manual for trainers (UNCTAD/DITC/COM/2006/16), French version to be published in January 2008;
- Linking African small producers to large distribution networks: enhancing capacity of Mozambican producers to supply the South African market (UNCTAD/DITC/COM/2006/17).

**(3) Advisory services, technical assistance and capacity-building**

90. In 2007, the Branch implemented a broad range of capacity-building and technical cooperation activities on commodities and development. Two special commodity events were held in Geneva, namely the Global Commodities Finance Conference (June), and the Second Annual General Meeting of the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (September), the latter requested by the Forum (Canadian/South African initiative), with over 100 participants.

91. Projects to help developing country exporters comply with sanitary and phytosanitary requirements and private sector standards were implemented, including projects in Guinea, Mozambique, and the Pacific islands. On those islands, work focused on research and analysis to identify and assess problems in the sanitary and phytosanitary area, and enabling small producers to meet both official and commercial standards.

92. A model for the development of a private/public safety control system for the horticultural sector project was implemented in Guinea. The project was initiated to help the Government of Guinea, producers and exporters comply with agri-food safety standards and quality assurance systems. It aimed to develop and implement good agricultural practices (GAP) in production and harvest. Activities included training courses and in-farm training in good manufacturing practices (GMP), ISO 9000, ISO 22000, HACCP and EUREPGAP for stakeholders at the national level. The project also provided advice to national authorities on strategies to strengthen food control systems to protect public health, prevent fraud and deception, avoid food adulteration and facilitate trade. So far, one pilot project has been certified, and the remaining two are to be certified in June 2008. A high-level assembly on Guinea's external trade is planned to take place in June 2008 to conclude the project.

93. The sanitary and phytosanitary project in Mozambique was launched in April 2007. Through the Organic and GlobalGap certification of four pilot farms, this initiative will open the road to larger certification schemes, increase the number of certified companies and facilitate market access. In fact, it will produce the first GlobalGap-certified company in Mozambique, which will provide a real boost to the country's international credibility in this sector and serve as a demonstration tool for the sector. So far, a National Joint Project Management Committee has been set up and two training sessions have been held.

94. The Branch also assisted small producers in achieving market acceptance by supermarkets, in cooperation with the Swiss supermarket chain Migros. In this connection, a symposium on retailers' standards is planned in 2008, in order to address market access issues and expand partnerships between supermarkets and developing countries. Under the Joint Integrated Technical Assistance Programme, a manual for assessing the competitiveness of selected commodity sectors was tested in West Africa.

95. The Branch participated in multi-agency efforts to develop and implement an intra-ACP capacity-building project on agricultural commodities. This project was approved and came on stream in 2008, with European Union financing.

95. In the area of mining and mineral commodities, a cooperative project with the World Bank and the International Council on Mining and Metals (ICMM) on the challenge of mineral resource endowments was implemented. Cooperative websites were further developed, with UNEP for general information exchange ([www.natural-resources.org/minerals](http://www.natural-resources.org/minerals)), on best practices in mining with UNEP, ICMM and DfID ([www.goodpracticemining.org](http://www.goodpracticemining.org)), and for Latin America ([www.redlieds.org](http://www.redlieds.org)). A website serving as a focal point for the African mining network is under

construction in cooperation with MINTEK of South Africa and the Southern and Eastern African Mineral Industry Centre (SEAMIC). A project on diversification in areas dependent on mining was concluded in the province of Espinar, Peru. UNCTAD supported and facilitated the issues of regional planning between provincial government, mining company and local UNEP activities. UNCTAD's Iron Ore Trust Fund, the world's most authoritative and quoted source of information on the iron ore market, continued its regular publications. A workshop on management of mining revenues and economic diversification opportunities was held in Lima, Peru, in December 2007.

96. In oil and energy, the Branch held the XI Africa Oil and Gas and Finance Conference (23–25 May, Nairobi, Kenya). This is the largest multi-stakeholder energy event in Africa and is attended by key decision-makers, investors, executives of major and independent oil companies and UNEP officials, who debate and share experiences on issues such as finance, risk management, technology development, energy mix and local content, which in turn contribute to shaping policies for restructuring the industry in the region. The conferences have come to play a crucial role as a platform for creating backward and forward linkages between the energy and finance sectors, and for designing policies on how to marshal oil and gas wealth in the service of long-term development objectives.

97. The Conference permitted participants to keep abreast of all new developments in the sector and further enhance policy dialogue between producers and consumers, emphasizing the importance of the energy sector for Africa's development. One follow-up of the Conference was the African-India Hydrocarbon Conference (Delhi, India, 6–7 November), an event which enhanced South–South cooperation in the energy sector, both at the government and business level.

98. In the area of *commodity and trade finance*, UNCTAD hosted the annual meeting of the Global Network of EXIMBANKS and Development Finance Institutions (G-NEXID) (Geneva, March) which brought together 15 regional institutions serving more than 80 countries to discuss South–South cooperation and identify opportunities and concrete activities to implement in 2007–2008. As a follow-up to the November 2006 Conference on joint initiative by UNCTAD and the ECOWAS Bank (EBID) to finance investments in growing jatropha trees and producing biofuels, the Fund on Africa biofuels finance is being introduced. This instrument is intended to promote investment in the biofuels sector for Africa with special emphasis on the Clean Development Mechanism under the Kyoto Protocol.

99. On *commodity exchanges*, analytical work continued and included (a) ongoing involvement in defining the concept and implementation plan of the Pan African Commodity and Derivatives Exchange (PACDEX), including technical support to the African Union; and (b) organization of the annual Bürgenstock Conference, in cooperation with the Swiss Futures and Options Association and the private sector. In the context of the Expert Meeting on trade and development implications of financial services and commodity exchanges, the Branch informed UNCTAD member States about the types of exchange that exist, the services that can be provided, and the developmental benefits that could arise as a result, including the facilitation of regional integration and South–South trade. UNCTAD coordinated a study group comprising the leading commodity exchange from each of five major developing country regions. Using a country case study approach, the study provides a comparative review of agricultural commodity exchanges in key developing economies, applies impact assessment research methodology to set out a framework for analysing a broad range of potential development impacts arising from exchange activities, and - based on an empirical investigation into



developments in each of the five countries - assesses the impacts that have arisen from services offered by the commodity exchanges participating in the study group.

100. On *agricultural commodity chains*, substantive assistance was provided to around 50 countries on ways and means to connect market analysis with new innovative tools in order to gather and disseminate key and strategic information, and empower the stakeholders along the commodity chains. UNCTAD organized jointly with FAO, Multi Commodities Exchange of India Ltd. (MCX) and State Bank of India an international conference in Asia on "Agri Revolution: Financing the Agricultural Value Chain" (Mumbai, India, 15-17 March). This conference, which brought together 150 participants from agriculture, finance and the public sector, examined best practices in the use of agricultural value chains as a mechanism to offer financial services to participants in these chains.

101. In-depth advice and training was provided to national and regional developing countries' banks dealing with commodities, including to a new agricultural bank in India on how to structure effective and innovative lending products. Similar advice provided to the Islamic Development Bank led to its inclusion of warehouse receipt finance as a standard loan product, and work on other new products is ongoing. Awareness-raising and training activities focusing on African banks have also continued. Demand-driven advice on the creation of a major new collateral management company for the African continent was supplied, following similar activities in 2004 that led to the establishment of a similar company in India.

102. In the area of commodity information and statistics, monitoring of commodity markets and reviews of commodity markets and industries on an ad hoc and a regular basis were provided. In the framework of the Iron Ore Trust Fund, the Branch produced two annual regular publications (a market review and a volume of statistics).

103. In the area of networking, knowledge management and market transparency, the Branch reviewed and improved its electronic information sources. Its electronic portal Infocomm has increased to 40 commodity profiles containing information on all aspects of commodity markets and regularly updated links to other sites with up-to-date price information.<sup>37</sup> Infocomm is by far UNCTAD's most visited website, recording more than 200,000 hits per month. It is used worldwide by government and industry representatives, as well as by universities and researchers. The partnership with the International Tropical Timber Organization was achieved with the aim of improving the dissemination of statistics, studies and information and enhancing market transparency and information. In the INFOCOMM portal, the electronic commodity profiles were updated and 24 are available on-line. The INFOSHARE project was selected to represent the whole of UNCTAD at the opening week of the ECOSOC meeting held in Geneva in July 2007. The delivery of a university training package on the economics of commodity production and trade (produced in cooperation with UNCTAD's Virtual Institute) to developing countries professors and students continued.

104. In the area of training, a university training package on the economics of commodity production and trade was further developed in cooperation with UNCTAD's Virtual Institute. A course for graduate students was delivered in cooperation with the University of Dar es Salaam in June. The package is a set of five modules designed for academic teachers and researchers that are involved in building knowledge, understanding and

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<sup>37</sup> Commodity profiles include 22 in French: banana, cashew nuts, citrus, cocoa, cotton, crude oil, iron ore, jute, karite, natural gas, nickel, olive oil, palladium, pepper, platinum, rice, sugar, tea, timber, tobacco, wheat, zinc, diamonds, rubber; 9 in English: banana, citrus fruit, cocoa, cotton, natural gas, olive oil, palladium, platinum and rice; and 9 in Spanish: jute, natural gas, olive oil, palladium, platinum, rice, tea and zinc.

skills in developing countries, in particular LDCs, in the area of commodities production and trade and their implications for developing countries. In particular, it is intended for members of universities that teach postgraduate programmes in international economics, agriculture and resource economics. In 2007, the experts were working on two additional modules – on energy and on minerals and metals – which are expected to be ready in early 2008. Following requests of Russian-speaking academia, the five-module package has been translated into Russian and edited in-house. The Branch also conducted training in commodity issues under Paragraph 166 regional courses.

105. The Branch provided training modules on agrifood safety standards and quality assurance, designed to help developing country farmers meet international standards and ever-increasing quality demands from importing firms and/or developed markets. These included modules on good agricultural practices (GAP), good manufacturing practices (GMP), ISO 9000, ISO 22000, HACCP and EUREPGAP; and CD ROMs on organic fruits and vegetables from the tropics. These materials provide producers and trading companies in developing countries with (a) information on market potential and conditions for access to European, American and Japanese markets for organic products; (b) details of production and processing requirements as well as best management practices in a selection of organic tropical fruits and vegetables; and (c) a list of useful addresses and contacts in selected markets.

106. Numerous *workshops on commodity issues* were organized and carried out by the Branch in 2007, such as two training workshops on EuropGAP and Organic Standards and Certification (Mozambique, August and October); a workshop on management of mining revenues and economic diversification opportunities (Peru, December); a workshop on sanitary and phytosanitary requirements and costs of agrifood safety and quality requirements (Vanuatu, August 2007); a round table on a

sustainable world cocoa economy (Ghana, October); and a workshop on cotton (December).

107. Finally, the staff of the Branch undertook *advisory missions* and made presentations at events to promote and share UNCTAD's accumulated expertise on commodities and development. These included the following: consultations on mining and iron ore issues with DfID, the Commonwealth Secretariat, the International Institute for Environment and Development and Shipping Consultants (United Kingdom, January); the Agri Revolution conference (India, March) the Conference on Sustainable Palm Oil Production: Research Needs (France, March), the 10th Annual Conference of the Association of Futures Markets (Argentina, March); the 2nd German-African Energy Forum (Germany, April); the sixty-sixth session of the Committee on Commodity Problems (Italy, April); the Special Coffee Association of America Annual Conference (United States, May); the FAO Conference on Commodity Exchanges (Turkey, May); the International Workshop on Nanotechnology, Commodities and Development, (Brazil, May); joint sessions of the INSG; ILZSG and ICSG (Portugal, May); the CAPE III Congress held by the African Petroleum Producers (Benin, June); consultations on a mining partnership project with the International Council on Mining and Metals and DfID, UK (United Kingdom, June); regional training courses on key issues on the international economic agenda (Cairo, February, Lima, July); the conference and debate on the new world order: Perspectives for small agriculture producers; the dictatorship of consumers (Switzerland, September); a round table on a sustainable world cocoa economy (Ghana, October); the Global Content Summit in Oil and Gas 2007 (United Kingdom, October); meetings of the ICMM/UNCTAD World Bank Project on Resource Endowment (United Kingdom, October); the launch of the *World Investment Report* (Ghana, October); international conferences on the globalization of commodity markets and

on speculation and investments in commodities and commodity-related instruments (Stockholm, Sweden, October); the 3rd International Raw Materials Forum (Russian Federation, November); the Link Fall Meeting (Ethiopia, November); the Dialogue on Tropical Products, Trade, Natural Resource Management and Poverty (Brazil, December); and the National Cocoa and Coffee Board (Cameroon, December).

**(4) *Cooperation with other organizations***

108. The Branch continued to develop its extensive inter-agency cooperation network, with a view to promoting a comprehensive approach to commodity sector development. It continued its close cooperation with organizations both within and outside the United Nations system, such as the Common Fund for Commodities, FAO, ITC, the World Bank, WTO, the Department of Economic and Social Affairs, United Nations regional commissions and the United Nations University/WIDER, and international commodity organizations. Other counterparts are universities and research institutions, as well as the private sector, including the banking sector. Staff members of the Branch participated in, and made substantive presentations at, numerous meetings, conferences and workshops organized by other organizations, academic institutions, civil

society and the business community. Close cooperation with the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development continued.

**B: *Assessment and lessons learned***

109. Commodities represent a major area where important development benefits can be harnessed through trade and a more beneficial integration into the world economy. UNCTAD's activities in the biennium brought to the fore a number of important initiatives in commodities and development. These initiatives were made possible thanks to closer synergies built up with other development partners (multilateral agencies, donor and beneficiary countries, UNEP, academic institutions). There is still a major gap between the needs of beneficiary countries and the current level of activities implemented by UNCTAD. The complex nature of the commodity problematic in particular and its significant poverty reduction potential points to the need for additional resources for technical cooperation that can enhance practical measures for commodity development. Some pilot projects have proved to be highly beneficial and sustainable, such as those relating to standards and commodity exchanges and information. These provide the rationale for the expansion of such activities in other countries. Relaunching the commodity agenda to address poverty through UNCTAD XII has become a major issue of the international community, thanks to UNCTAD's work.



## V. COMPETITION AND CONSUMER POLICIES BRANCH

*Improved capability of developing countries to identify and address competition and consumer protection issues and to deal effectively with restrictive business practices (expected accomplishment (d) of subprogramme 3, table 12.15 (A/60/6 sect. 12)).*

110. UNCTAD is the focal point for all activities related to competition policy and consumer protection within the United Nations system as part of its work on trade and development. Such work comprises intergovernmental consensus-building, analytical studies and technical assistance. The mandate, which dates from the adoption of the United Nations Set of Principles and Rules on Competition in 1980, has as its primary objective "to ensure that restrictive business practices do not impede or negate the realization of benefits that should arise from liberalization of tariff and non-tariff barriers affecting world trade, particularly those affecting the trade and development of developing countries."

### A: Major outputs and activities

111. In 2007, UNCTAD continued its work aimed at: (a) assisting developing countries as well as regional and subregional international groupings of States in adopting competition laws and policies, establishing competition authorities, tailoring laws and policies to their development needs, policy objectives and capacity constraints; (b) monitoring trends and developments in competition law and policy, including the prevalence of anticompetitive practices or concentrated market structures, as well as measures taken by Governments to address them; (c) facilitating international cooperation through advocacy and information dissemination, periodic revision of the Model Law and voluntary peer reviews on competition law and policy. UNCTAD's technical cooperation activities aim at assisting developing countries, including the LDCs, as well as economies in transition, in formulating, reviewing competition policies and legislation and implementing competition laws by building national institutional

capacity, promoting the creation of a competition culture among government officials, private sector, consumers and academics, supporting regional cooperation on competition policy and assisting countries and regional groups in better formulating the modalities and forms of regional cooperation on competition issues that are supportive of trade, investment and development.

### (1) *Intergovernmental deliberations and consensus-building*

- *Eighth session of the Intergovernmental Group of Experts on Competition Law and Policy and the Ad Hoc Expert Group Meeting on the Development Interface between the Multilateral Trading System and Regional Trade Agreements*

112. The Intergovernmental Group of Experts on Competition Law and Policy (IGE), the only truly global meeting of competition experts convened annually, held its eighth session in Geneva (17 to 19 July), preceded by an Ad Hoc Expert Group on Competition Law and Policy (16 July). The two meetings, supported by UNCTAD documentation, provided an opportunity for an exchange of views between Government officials involved in competition issues, international experts, and representatives from regional and international institutions and civil society.

113. The IGE deliberated on the following issues: (a) competition at national and international levels: energy; (b) competition policy and the exercise of intellectual property rights; and (c) criteria for evaluating the effectiveness of competition authorities. It considered the reports submitted by the UNCTAD secretariat and provided guidance on its

technical cooperation programmes on competition law and policy.<sup>38</sup> In its agreed conclusions, the IGE underlined the key role that competition policy and intellectual property rights play in attaining development objectives and the need to strengthen international cooperation in this area, particularly for the benefit of developing countries; it further underscored the importance of competition at the national and international levels in energy markets and noted the reported persistence of significant market power problems in some electricity and natural gas sectors and the challenges that developing countries face in reforming their energy markets; emphasized the importance of elaborating and applying criteria for evaluating the effectiveness of competition authorities suited to the needs and conditions of developing countries as a tool for enhancing competition enforcement; and called on States to increase cooperation between competition authorities and Governments for the mutual benefit of all countries in order to strengthen effective international action against anti-competitive practices, especially when these occur at the international level; such cooperation should take particular note of the needs of developing countries and economies in transition. The IGE also agreed on a substantive work programme for UNCTAD on competition law and policy for 2007, and established the agenda and documentation for the eighth session of the IGE (15–17 July 2008).

114. The Ad Hoc Expert Group held discussions on the development interface between the multilateral trading system and regional trade agreements. It used as a basis for its deliberations an UNCTAD publication launched at that meeting entitled "Implementing competition provisions in regional trade agreements: Is it possible to assure development gains?" The Chairperson's summary of this

group's discussions was transmitted to the IGE.

- *Voluntary peer review of competition policy*

115. With a view to ensuring coherence between overall governmental approaches to privatization and liberalization of trade and investment regimes, UNCTAD has initiated the organization of ad hoc voluntary peer reviews on competition law and policy. This provides an ideal forum to review how economic reforms can promote development and ensure that markets work for the poor. In 2007, the third round in the series of voluntary peer review of competition law and policy was conducted of the West African Economic and Monetary Union (UEMOA) and two of its member States (Benin and Senegal).<sup>39</sup> This took place during the 8th session of the IGE. The peer review report, prepared by consultants after a fact-finding mission to the UEMOA headquarters and in Benin and Senegal, was presented and reviewed. The report describes the relevant regional and national legislation and the intensive legislative action by the UEMOA Commission to clarify such provisions, as well as the enforcement record. A range of measures to enhance UEMOA action in this area were recommended. A peer review examination was undertaken by panellists and interventions were made from the floor.

116. In response, the competent UEMOA officials stated inter alia that the UEMOA competition system took account of member States' level of development and the Commission's sole competence in the competition area facilitated upgrading of member States' institutional and regulatory framework, after which the principle of subsidiarity would be implemented to provide greater flexibility. The Beninese and Senegalese authorities also responded to queries which were raised. The UNCTAD secretariat presented the main components of the UEMOA technical assistance project, which derived from the recommendations

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<sup>38</sup> See Report of the Intergovernmental Group of Experts on Competition Law and Policy on its eighth session (TD/B/COM.2/CLP/63).

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<sup>39</sup> UNCTAD/DITC/CLP/2007/1.

of the peer review report, and the UEMOA Commission undertook to take the necessary steps to ensure the implementation of the project.

117. In 2008, the voluntary peer review will be carried out on the competition policy of Costa Rica, at this country's request.

(2) *Technical documentation*

118. The following reports were prepared or commissioned by the Branch:

- Criteria for evaluating the effectiveness of competition authorities (TD/B/COM.2/CLP/59);
- Competition in energy markets (TD/B/COM.2/CLP/60);
- Review of capacity-building and technical assistance on competition law and policy (TD/B/COM.2/CLP/61);
- Recent important competition cases involving more than one country (TD/B/COM.2/CLP/62);
- Ways in which possible international agreements on competition might apply to developing countries (TD/B/COM.2/CLP/46/Rev.3);
- Model law on competition: Substantive possible elements for a competition law, commentaries and alternative approaches in existing legislation (TD/RBP/CONF.5/7/Rev.3);
- Voluntary peer review of competition policy (West African Economic and Monetary Union, Benin and Senegal, UNCTAD/DITC/CLP/2007/1);
- Voluntary peer review of competition policy: West African Economic and Monetary Union, Benin and Senegal – overview (UNCTAD/DITC/CLP/2007/1 (overview));
- Experiences gained so far on international cooperation on competition policy issues and the mechanisms used (TD/B/COM.2/CLP/21/Rev.5);
- Implementing competition-related provisions in regional trade

agreements: Is it possible to obtain development gains? (UNCTAD/DITC/CLP/2006/4)(see box 11);

- Handbook on competition legislation (TD/B/COM.2/CLP/55);
- Directory of competition authorities (TD/B/COM.2/CLP/56).

**Box 11. Implementing competition provisions in regional trade agreements: Is it possible to assure development gains?**

This publication considers the interrelationship between competition law and policy, economic development and trade, especially in regional trade agreements. It shows the constraints faced by developing countries in using existing cooperation mechanisms and suggests ways to foster a culture of competition in developing-country markets. It also stresses the importance of improving the institutional capacities of recently established competition authorities in developing countries to deal with anti-competitive practices in their own markets and help their enterprises cope with them in international markets. The publication will be of help to policymakers wanting to understand the negotiation and implementation of regional and bilateral trade agreements with respect to competition policies and underscores the importance of competition policy to development. It was presented at various seminars and has been widely disseminated.

(3) *Advisory services, technical assistance and capacity-building*

119. In the area of *competition advocacy*, a competition law and policy workshop and meeting was organized on 12–14 June in Port of Spain (Trinidad and Tobago), where a framework for the establishment of a Competition Commission was discussed. National training seminars on the UEMOA common competition rules were organized in cooperation with the UEMOA secretariat in three member States: 24–28 September in Abidjan (Côte d'Ivoire), 29 October–2 November in Lomé (Togo) and 3–7 December in Bissau (Guinea Bissau).

120. Among activities undertaken to *assist countries in drafting and/or reviewing their competition legislation*,

assistance was provided to COMPAL beneficiary countries in San Jose, Costa Rica (8–15 March), as indicated below. Also, consultations were held and a round table was organized in Phnom Penh, Cambodia (on 13 June) to assist the Cambodian Government in designing and adopting a national competition law.

121. To mention some *training activities organized for competition case handlers*, a workshop on competition law and policy for new staff of the Indonesian competition authority and a round-table discussion on competition law and policy were held in Jakarta on 24 and 25 April, respectively, while a study tour of several competition-related institutions in Germany was organized for judges of the Supreme Court of Indonesia in May. A study visit to the Swedish and Swiss competition authorities was also organized for a delegation from Botswana (including members of the Competition Law Drafting Committee) (May); another study visit to the Swiss competition authority was arranged for a UEMOA delegation (May); while study visits for competition officials from Saudi Arabia were organized to the Swiss and German competition authorities (in February and in June respectively).

122. In the area of *support for institution-building*, the Branch participated in the national stakeholder meeting for the launching of the Saudi Competition Commission on 11 September in Riyadh. It also provided support to Trinidad and Tobago, as indicated above.

123. The Branch's technical cooperation and capacity-building activities were increasingly provided within the framework of *regional and subregional activities*. Several activities were carried out under the Competition and Consumer Protection Policies for Latin America Programme (COMPAL) (see box 12). UNCTAD, in cooperation with the UEMOA secretariat, organized a regional meeting in Cotonou, Benin (26–27 March). A regional seminar on common competition rules of UEMOA was also held in Dakar (Senegal) (10–14

December). UNCTAD is also working closely with the SACU (Southern African Customs Union) to operationalize the SACU Agreement on common policies on competition and unfair trade practices. A series on national consultative and information-gathering workshops for the development of the SACU Cooperation Agreement on Competition Policy Enforcement and an Annex on Unfair Trade Practices<sup>40</sup> were co-organized by UNCTAD, the SACU secretariat and Government Ministries responsible for trade in Pretoria (South Africa) (26–27 February), Windhoek (Namibia) (1–2 March) and Maseru (Swaziland) (5–6 March).

**Box 12. COMPAL Programme**

Activities under the Competition and Consumer Protection Policies for Latin America (COMPAL) Programme, which is implemented with support from SECO (Switzerland), contribute to strengthening competition and consumer protection law and policies in the five Latin American beneficiary countries (Bolivia, Costa Rica, El Salvador, Nicaragua and Peru). COMPAL is a comprehensive programme that comprises the preparation of sectoral studies, reports, manuals, guidelines, brochures, seminars, workshops, training activities, targeting various stakeholders. Activities in this regard were implemented in 2007. The COMPAL programme has earned high praise at both regional and international levels as a comprehensive programme involving different stakeholders relating to these issues which is managed with the clear aim of promoting country ownership. Programme activities aim at ensuring sustainability at the local level and at providing a means of exchange of experiences among COMPAL beneficiary and other Latin American countries.

**(4) Cooperation with other organizations**

124. The Branch has an extensive network of cooperating partners with whom many of the analytical and capacity-building activities are implemented. Through the IGE, the Branch has established long-standing cooperation ties

<sup>40</sup> Articles 40 and 41 of SACU agreement.



with national competition authorities and competition experts worldwide. Such links are being further strengthened with selected countries through its national-level capacity-building activities and recently the conduct of voluntary peer reviews. Relations with regional integration groupings of developing countries, such as UEMOA, have also been strengthened to support the development and implementation of regional competition policy. Cooperation with UNEP and civil society, as well as the private sector, is also undertaken by the Branch.

### **B: Assessment and lessons learned**

125. In line with the São Paulo Consensus and with the resolution adopted by the Fifth United Nations Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices (14–18 November 2005), the Branch continued its demand-driven efforts in 2007 to assist in the creation of a competition culture worldwide through extensive technical assistance, capacity-building and dissemination programmes; preparations for, and actual servicing of, the eighth session of the Intergovernmental Group of Experts on Competition Law and Policy, and an Ad Hoc Expert Group on Competition Law and Policy; and substantial documentation.

126. UNCTAD's activities have helped boost awareness among developing countries and countries with economies in transition of the need to adopt and effectively implement competition law and policy, with attention also being paid to

linkages with the Millennium Development Goals. The annual IGE continues to serve as a unique forum for competition institutions and experts to discuss, review and develop consensus on key issues in this field. A particular success in 2007 was the voluntary peer review of the competition policy of UEMOA and two of its member States (Benin and Senegal). The training of UEMOA countries' officials on the dissemination and enforcement of the UEMOA competition policy was another highlight. The COMPAL programme continued to carry out enterprising work in Latin America. The dissemination seminars on the findings of the publication on "Implementing competition provisions in regional trade agreements: Is it possible to assure development gains?" were important as they should have a concrete impact on the conclusion of international cooperation agreements in this area. In enhancing countries' understanding of competition issues in the development process, UNCTAD's consultative, analytical, and capacity-building activities will need to take better account of both domestic economic realities and the potential offered by regional integration.

127. UNCTAD's technical cooperation activities were highly praised, as evidenced by the replies to the evaluation questionnaires distributed during these events. Close cooperation between UNCTAD, donors and developing countries' competition authorities has proved to be very effective in exchanging knowledge and expertise and in developing networking among competition experts. However, it has become apparent that requests for assistance with competition law and policy and consumer protection continue to exceed the assistance provided by UNCTAD, owing to limitations on its resources.



## VI. TRADE, ENVIRONMENT, CLIMATE CHANGE AND SUSTAINABLE DEVELOPMENT BRANCH

*Strengthened capacity of developing countries to pursue both trade and trade policy objectives and sustainable development objectives in a mutually supportive fashion in the context of the international trading system (expected accomplishment (e) of subprogramme 3, table 12.15 ( A/60/6 sect. 12)).*

128. The Branch implements UNCTAD XI's mandates on assuring development gains from international trade and trade negotiations in respect of trade, environment and development. The Branch has improved awareness and strengthened the capacities of developing countries to address important issues at the interface of trade, environment and development and take advantage of emerging opportunities for trade and sustainable development. The BioTrade Initiative has helped with export promotion, matchmaking between importers and exporters, improvement of market access and trade-related legal issues. The consideration of biofuels in achieving energy security and sustainable development goals was promoted through the BioFuels Initiative. The Branch's activities have also addressed the issue of climate change in terms of the trade, investment and sustainable development challenges and opportunities arising from response measures.

### A: Major outputs and activities

129. The Branch is composed of two sections, the Trade and Sustainable Development Section and the Biodiversity and Climate Change Section, which implements UNCTAD's mandates on ensuring development gains from international trade and trade negotiations in respect of trade, environment and development. The *Trade and Sustainable Development Section* focused on the following main areas: (a) promoting proactive adjustment approaches to meeting new mandatory and voluntary (i.e. set by the private sector or UNEP) environmental, health and food-safety requirements in key export markets; (b) helping developing countries deal with conceptual, legal (WTO law) and technical

issues relating to the negotiations conducted under the mandate provided for in para. 31(iii) of the Doha Ministerial Declaration - liberalization of trade in environmental goods and services; (c) assisting interested developing countries in promoting the production and export of environmentally preferable products, with particular emphasis on organic agriculture. The Section also produces the Trade and Environment Review. The Section conducts its technical assistance and capacity-building activities under the following working arrangements: the Consultative Task Force on Environmental Requirements and Market Access for Developing Countries (CTF), the UNEP-UNCTAD Capacity-Building Task Force on Trade, Environment and Development (CBTF), and the UNCTAD-FAO-IFOAM International Task Force on Organic Agriculture (ITF).

130. The Section operates four distinct websites, on which the activities of the Section are reflected, and which are also effectively used for implementing research and capacity-building activities. The websites are:

- (a) The generic section website at:  
[www.unctad.org/trade\\_env/index.asp](http://www.unctad.org/trade_env/index.asp)
- (b) The CTF website at:  
[www.unctad.org/trade\\_env/projectCTF.asp](http://www.unctad.org/trade_env/projectCTF.asp)
- (c) The ITF website at:  
[www.unctad.org/trade\\_env/projectITF.asp](http://www.unctad.org/trade_env/projectITF.asp)
- (d) The CBTF website at:  
[www.unep-unctad.org/cbtf/welcome.htm](http://www.unep-unctad.org/cbtf/welcome.htm)

131. *The Biodiversity and Climate Change Section* promotes trade and investment in biodiversity-based products and services in developing countries to

further sustainable development while alleviating poverty especially in rural areas. It also explores the trade, development and investment opportunities of biodiversity and climate change-related Multilateral Environmental Agreements (MEAs) such as the Convention on Biological Diversity (CBD), the United Nations Framework Convention on Climate Change (UNFCCC) and the Clean Development Mechanism of the Kyoto Protocol. Furthermore, it addresses the interface between trade and climate change as well as the trade, investment and sustainable development challenges and opportunities arising from response measures to climate change.

132. The Section implements (a) the BioTrade Initiative, which supports sustainable development through trade and investment in biological resources, consistent with the objectives of the CBD; (b) the BioTrade Facilitation Programme, which enables sustainable trade in biodiversity-based products and services through innovative collaborative arrangements that enhance sustainable bio-resources management, product development, value-added processing and marketing; (c) the BioFuels Initiative, which supports developing countries in assessing their potential in embarking on the use and production of biofuels as an emerging trade, investment and energy-alternative opportunity; and (d) the Climate Change Programme, which brings governments, industry and civil society together to focus on the economic and development implications of climate change.

**(1) Intergovernmental deliberations and consensus-building**

- *Commission on Trade in Goods and Services, and Commodities and expert meetings*

133. The Branch was involved in substantive servicing of the eleventh session of the Commission on Trade in Goods and Services, and Commodities. It organized a session on liberalization of

trade in environmental goods and services: contributing to mutual supportiveness of trade, environment and development. The session addressed developing countries' concerns in the WTO negotiations on environmental goods, conceptual and practical issues implicit in the negotiations, and problems of and prospects for dealing with non-tariff barriers in non-agricultural market access negotiations. The Commission also discussed the salient findings from the studies and policy dialogues, country and sector-specific activities on private sector standards conducted under the CTF, and work on standards and enhanced market access in the field of organic agriculture.

134. The Branch also organized a panel on climate change: trade and development challenges and opportunities. As climate change impacts on the environment, the economy and the development prospects of both developed and developing countries, the need for an integrated approach in addressing this development challenge was stressed.

135. The substantive documentation prepared for the session included the following reports: "Trade, Environment and Development" (TD/B/COM.1/86), and "Report of the workshop on environment requirements and market access for developing countries: How to turn challenges into opportunities?" (UNCTAD/DITC/TED/MISC/2006/1).

136. An ad hoc expert group meeting on "Biofuels: Trade and development implications of present and future technologies" was held on 19 June. The meeting successfully facilitated dialogue and sharing of experiences among participants and experts. The trade and development implications of the emerging biofuels technology were explored. UNCTAD's report entitled "Biofuel production technologies: Status, prospects and implications for trade and development (UNCTAD/DITC/TED/2007/10) was discussed by member States.

- *Conferences, brainstorming meetings, round tables and side events*

137. As the host of the UNFCCC COP 13, Indonesia took the initiative to host an informal Trade Ministers Dialogue on climate change issues (Bali 8–9 December) on how international trade can best support development and climate change objectives. UNCTAD's Secretary General participated in the debates with the thirty trade ministers present and distributed a note by the secretariat on the interface between trade and climate change policies and the role of UNCTAD (see TD(XII)/BP/2). At the meeting, Ministers recognized the importance of concerted multilateral efforts in addressing climate change issues for the future of sustainable development and the mutually supportive linkages between climate change, international trade and development. Their discussions included (a) the potential for conflict from the interlinkages of trade and climate change objectives and policies, which will hit developing countries hardest because of the potential costs and impact; (b) the importance of aligning environment objectives with global trade objectives, especially through improving understanding and empirical basis of the interlinkages between international trade and climate change; (c) and, recalling the mandate given under the Marrakech Agreement and the Doha Declaration, Ministers expressed the view that the time was right to play a more active role in responding to climate change. Ministers felt that greater political will and commitment would be needed from all parties to better understand, build confidence and trust, and to act in a way that would ensure that international trade, development, and climate change objectives were mutually supportive. They highlighted the need for more comprehensive studies and better empirical evidence on the linkages and interface between international trade, development and climate change, and for the intensification of high-level engagement and interaction on the issue of

international trade and climate change, including by holding high-level meeting on the issue under WTO's guidance, or in parallel with other international meetings, such as UNCTAD XII.

138. The UNCTAD BioFuels Initiative and the Brazilian Energy Planning Agency jointly organized a conference on Biofuels: An option for a less carbon-intensive economy. The conference was a pre-event of UNCTAD XII. Some 120 participants from UNCTAD member countries participated and discussed trade, investment and sustainable development challenges and opportunities arising from response measures to climate change.

139. Through its BioTrade Initiative and its BioTrade Facilitation Programme, UNCTAD has contributed to a better understanding of ways to integrate the private sector into biodiversity-related conventions, allowing developing countries and their local communities to gain from global trade opportunities from biodiversity. A meeting on private-sector engagement in biodiversity-related conventions focusing on the sector of natural ingredients for the cosmetics and food industries was organized in May 2007. This brought together the secretariats of multilateral environmental agreements (MEAs) such as the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the Convention on Biological Diversity (CBD) and the Ramsar Convention on Wetlands, as well as private-sector actors involved in these fields. The meeting identified and addressed ways on how these conventions can engage business in the private sector and, reciprocally, how the private sector could contribute to the implementation of these agreements.

140. A side event promoting private-sector engagement in biodiversity-related conventions was organized during the 14th meeting of the Conference of the Parties to CITES (CITES COP14) in June 2007 in The Hague, the Netherlands. The event provided a platform for the private sector to share perspectives and experiences.

141. During the Conference of the Parties of the United Nations Convention to Combat Desertification (UNCCD) in Madrid in September 2007, UNCTAD and UNCCD's Global Mechanism jointly organized a side event on trade and sustainable land management.

**(2) Participation in WTO-related activities**

142. The Branch carried out a series of activities to address issues prioritized in the Doha Work Programme. The analytical work relating to environmental requirements and market access served as a key source of analysis on voluntary standards for the WTO Committees on Technical Barriers to Trade and on Sanitary and Phytosanitary Measures, to the extent that the background documentation produced by the WTO Secretariat for the relevant sessions was largely based on UNCTAD's work, particularly its Trade and Environment Review (see box 14.). A series of joint (UNCTAD-WTO informal sessions were organized starting in October 2006 with a view to familiarizing UNCTAD and WTO Members with different private standards schemes, particularly in the area of food safety. The UNCTAD-WTO informal information session, held on 25 June 2007, on the fringe of the regular meeting of WTO's Sanitary and Phytosanitary Committee, discussed the salient findings from a dozen of country case studies and several regional workshops conducted by UNCTAD on the developmental and market access impact of private voluntary standards.

**Box 13. UNCTAD-UNEP Symposium on Environmental Requirements and Market Access (3 October 2007)**

The high-level segment of the symposium was chaired by Mr. Kakakhel, Deputy Executive Director of UNEP and by Mrs. Puri, Acting Deputy Secretary General of UNCTAD. Opening statements were delivered by H.E. Mr. Guth, Ambassador, Permanent Mission of the European Communities to WTO; Mr. Singh, Deputy Director General of WTO; Mr. de Mesquita, Minister Counsellor, Permanent Mission of

Brazil to WTO; and Ms. Kummer Peiry, Executive Secretary, Secretariat of the Basel Convention. One session focused on the concerns, challenges and opportunities developing countries face in the organic agriculture sector. All speakers emphasized the economic, environment and social benefits for organic agricultural producers and for consumers. Important trends in the growth of the organic market identified at the meeting were strong consumer demand, greater demand for processed foods (e.g. cereals, frozen and baby food) than for fresh fruits and vegetables, and concentration of processing and marketing in corporate hands (e.g. Coca Cola, Kraft, Kellogg's, Novartis). Another session of the symposium dealt with waste, recycling and energy efficiency requirements for electrical and electronic goods. Participants noted important features and recent developments in the electrical and electronic goods sector. More than 50 per cent of the global production capacity in this sector has shifted to Asia and there is fierce competition between Asian manufacturers. Success largely depends on economies of scale and ability to meet environmental requirements. While demand for consumer electronics such as mobile phones, PCs, TVs and DVD players is rapidly developing worldwide, so is the generation of waste, including hazardous waste and toxic material. In India, for instance, the explosive growth of electronic equipment sold at the national level will result in an 11-fold increase in the generation of e-waste by the year 2012.

143. The Branch continued substantively backstopping the WTO negotiations under the mandate provided for in para. 31(iii) of the Doha Ministerial Declaration - liberalization of environmental goods and services. It provided a platform for, and substantive backstopping to, a group of WTO Members that had taken an active interest and part in the negotiations. The group had met six times in 2007 to address issues relating to non-tariff measures, including on renewable energy goods and services, and legal (WTO law) issues implicit in the negotiating proposals alternative to the traditional method of listing particular goods. The group also explored potential links to other "trade and environment" issues such as traditional knowledge, geographical indications, process and production methods (PPMs) and, last but not least, technology transfers

as the horizontal issue that was directly relevant to and deserved special attention in the WTO negotiations on environmental goods.

144. At the invitation of the WTO secretariat, UNCTAD participated in the WTO Regional Seminar on Trade and Environment for Asia and the Pacific, held in New Delhi, from 20 to 22 October. Substantive contributions were provided on the following subjects: environmental goods and services; environmental requirements and market access, with special reference to electronic goods and organic agricultural products.

### (3) *Technical documentation*

145. The *2007–2008 Trade and Environment Review* (in progress), with environmental goods as a running theme, took a fresh look at the liberalization of trade in environmental goods and services with a view to exploring the growing interplay between environmental and energy goods and services, an approach that was subsequently given due consideration at the Trade Ministers Dialogue in Bali, in December 2007. Three studies have been commissioned and completed: (a) Developing countries' trade in renewable energy goods and technologies: Importance of non-tariff measures; (b) WTO law and renewable energy: The case of non-tariff barriers; (c) WTO negotiations on environmental goods and services and potential contribution to the Millennium Development Goals. In addition, the Branch produced the following publications:

- Certified organic export production – implications for economic welfare and gender equity amongst smallholder farmers in tropical Africa (UNCTAD/DITC/TED/2007/7);
- Elements of an international regime for the recognition of national regulations on access to genetic resources and associated traditional knowledge, prior informed consent

- and benefit sharing (UNCTAD/DITC/TED/2007/9);
- Overview of the current state of organic agriculture in Kenya, Uganda and the United Republic of Tanzania and the opportunities for regional harmonization (UNCTAD/DITC/TED/2005/16);
- The implications of private-sector standards for Good Agricultural Practices exploring options to facilitate market access for developing-country exporters of fruit and vegetables: Experiences of Argentina, Brazil and Costa Rica (UNCTAD/DITC/TED/2007/2);
- Food safety and environmental requirements in export markets - friend or foe for producers of fruit and vegetables in Asian developing countries (UNCTAD/DITC/TED/2006/8);
- Challenges and opportunities arising from private standards on food safety and environment for exporters of fresh fruit and vegetables in Asia: Experiences of Malaysia, Thailand and Viet Nam (UNCTAD/DITC/TED/2007/6);
- Requisitos ambientales, competitividad internacional y acceso a mercados en América Central, Cuba y la República Dominicana: Contexto internacional y experiencias nacionales, con referencia especial a los productos agrícolas (UNCTAD/DITC/TED/2006/1);
- Harmonization and equivalence in organic agriculture. Volume 3, Background papers of the International Task Force on Harmonization and Equivalence in Organic Agriculture (UNCTAD/DITC/TED/2007/1);
- UNCTAD-UNEP, A preliminary analysis of MEA experiences in identifying and facilitating the transfer of technology - What insights can be drawn for the WTO environmental goods and services negotiations? (available online at: [http://www.unep.ch/etb/areas/pdf/MEA\\_per\\_cent20Papers/MEA\\_EGS\\_per\\_cent20Paper.pdf](http://www.unep.ch/etb/areas/pdf/MEA_per_cent20Papers/MEA_EGS_per_cent20Paper.pdf));

- TC-UNCTAD-UNEP Statement on Soil Association Air Freight Consultation (UNCTAD/DITC/TED/MISC/2007/4).

146. In respect of biotrade and biofuels, the following reports were prepared:

- BioTrade principles and criteria (UNCTAD/DITC/TED/2007/4);
- Opportunities and challenges of biofuels for the agricultural sector and the food security of developing countries (UNCTAD/DITC/TED/2007/5);
- Biofuel production technologies: Status, prospects and implications for trade and development (UNCTAD/DITC/TED/2007/10);
- Prospects for a biofuels industry in Guatemala (UNCTAD/DITC/TED/2007/11);
- The biofuels controversy (UNCTAD/DITC/TED/2007/12).

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

147. In 2007, the Branch pursued a number of activities aimed at building the capacity of developing countries to analyse and effectively deal with a new generation of environmental, health, and food safety standards. Sector-specific activities focused on electrical and electronic equipment (EEE) and organic agriculture. The exchange of national experiences with proactive adjustment strategies to comply with new EEE regulations in destination markets focused on China, Malaysia, the Philippines and Thailand - the four countries that account for almost half of total EEE imports of OECD countries (excluding intra-European Union trade). The Consultative Task Force (CTF) activities relating to agriculture focused on GobaGAP (formerly EurepGAP), a harmonized standard of globally active retailers, which is of particular importance for market access of food producers from developing countries. These activities were based on a series of country case studies (in Asia: Malaysia, Thailand, and Vietnam; in Latin

America: Argentina, Brazil, and Costa Rica; and in Africa: Ghana, Kenya, and Uganda).

148. A series of CBTF activities to promote the production and export of organic agricultural products in East Africa culminated in the setting of the East African Organic Produce Standard, officially launched by the Prime Minister of the United Republic of Tanzania. The standard, along with the associated East African Organic Mark, was launched in Dar es Salaam, on 29 May 2007, on the occasion of the East African Organic Conference, which turned into a manifestation of global partnership for the promotion of organic agriculture in the region.

149. The Branch also provided advisory services to promote biotrade and biofuels. These included the following:

- The Biofuels Initiative, acting at the request of the Government of Guatemala, conducted a fact-finding mission in March 2007 to assess the feasibility of integrating biofuels into the energy and rural development strategies of the country.
- The BioTrade Initiative supports Biotrade national programmes in Bolivia, Brazil, Colombia, Costa Rica, Ecuador, Peru, Uganda, Venezuela and Viet Nam as well as the regional programmes in the Amazon and Andean regions. In collaboration with its partners, workshops have been conducted in implementing biotrade activities at the national and regional levels. In close collaboration with the Amazon Cooperation Treaty Organization (ACTO), the regional programme in the Amazon has been finalized, allowing the Amazon region and its inhabitants to benefit in a sustainable way from its rich biodiversity.
- In promoting regional trade, the BioTrade Initiative supported the participation of SMEs and community producers from the Amazon region in the trade fair Exposustentat, thereby promoting



sustainably produced Latin American products. This has already resulted in concrete sales for some of the trade fair participants.

- A partner and beneficiary of the BioTrade Initiative's technical assistance submitted an application for a traditional fruit from South Africa following the EC Novel Food Regulation. The approval of this submission will open the European Union market and offer trade and income-generation opportunities for many rural communities and SMEs in Africa.

**(5) Cooperation with other organizations**

150. The BioFuels Initiative offers a facilitating hub for programmes or initiatives underway in a number of institutions. The Initiative closely works with FAO's International Bioenergy Platform, UNFCCC, the Global Bioenergy Partnership (GBEP), UNEP-Risoe, the International Federation of Agricultural Producers (IFAP), the European Investment Bank (EIB), the Inter-American Development Bank (IDB), the Brazilian Reference Center on Biomass (CENBIO) and the São Paulo Sugarcane Agroindustry Union (UNICA).

151. Over the years, the BioTrade Initiative has developed several active partnerships with national and international organizations. Biotrade activities are being implemented in close collaboration with the Andean Community, the Andean Development Bank, the Southern African association of 60 enterprises of PhytoTrade Africa, the Amazonian Cooperation Treaty Organization and the Brazilian Biodiversity Fund, among others. A new partnership with the International Finance Corporation was developed to support technical assistance and capacity-building activities.

152. With regard to environmental requirements and market access, the Branch maintained close cooperation with FAO, UNEP, WTO, the International

Institute for Sustainable Development (IISD), the International Institute for Environment and Development (IIED), the Europe-Africa-Caribbean-Pacific Liaison Committee, Inmetro, GTZ, the GlobalGAP secretariat, the Chinese Chamber of Commerce, the Federation of Thai Industries, and the Philippine Promotion and Exporters Association. In the context of work on environmental goods and services (EGSs), the Branch closely collaborated with the WTO, OECD and the International Energy Agency (IEA), as well as with the International Centre for Trade and Sustainable Development (ICTSD), IISD and IIED. UNCTAD continued to work with FAO and the International Federation of Organic Agriculture Movements (IFOAM) in the context of the International Task Force for Harmonization and Equivalence in Organic Agriculture (ITF), and with ECOSOC in organizing its back-to-back meetings on trade and environment and the Millennium Development Goals. The staff of the Branch also participated as resource persons in a broad range of meetings organized by various UNCTAD member States, intergovernmental organizations and civil society organizations. UNCTAD, together with its partner, UNEP, has worked with the University of Geneva and the Geneva-based Graduate Institute of International and Development Studies on a project entitled "Environmental Goods and Services, MEAs, and Technology Transfer".

153. The Branch co-organized a "High-level meeting on fostering a mutually supportive trade and environment regime: Perspectives and lessons learned at regional level". It discussed and synthesized the key findings of a Development Account Project entitled "Capacity-building in Trade and Environment", implemented by the United Nations regional commissions in partnership with UNCTAD, UNEP and WTO (see box 14 below).

**Box 14. High-level meeting on fostering a mutually supportive trade and environment regime: Perspectives and lessons learned at regional level (29**

**November 2007)**

The meeting presented findings of the interregional project “Capacity-building in trade and environment” jointly implemented by the United Nations regional commissions (ECA, ECLAC, ESCAP and ESCWA), in partnership with UNCTAD, UNEP and WTO. The project aimed to help developing member States increase market access for their products and boost environmental sustainability by: (a) enhancing the capacity of developing countries to respond appropriately to environmental requirements in export markets; and (b) better managing the pressures on the local environment arising from trade flows into developing countries. Regional studies on market access and environmental requirements were prepared in each region using sector-specific examples, and regional workshops and national round tables were held to discuss priority issues and share good practices. The meeting presented findings and recommendations arising from project implementation, and discussed conclusions and recommendations for developing a mutually supportive trade and environment regime.

154. The Branch also contributed to a seminar in London to exchange views on the proposal of the Soil Association proposal (the principal certifying authority for organic products in the United Kingdom) to impose a ban on airfreighted organic products on environmental grounds. At the seminar, a joint ITC, UNCTAD and UNEP statement was issued (see box 15 below). Following the meeting, the Soil Association modified its position and will further study the issue.

155. FAO and UNCTAD jointly organized a regional workshop on good agriculture practices in Eastern and Southern Africa: practices and policies in Nairobi on 6–9 March. The event was attended by over 62 participants from Burundi, Ethiopia, Ghana, Kenya, Rwanda, Uganda, the United Republic of Tanzania, Zambia and Zimbabwe as well as donor agencies and international institutions. It (a) facilitated the exchange of national experiences on challenges and opportunities regarding good agricultural practices and strategic options for East and Southern Africa, with particular attention to viable approaches and supportive

policies for small farmers; (b) drew lessons to prepare recommendations and guidance for implementation at national level; (c) identified potential areas of cooperation on good agricultural practices at regional level; and (d) discussed follow-up activities and coordination needs by donors and other actors.

**Box 15. ITC, UNCTAD and UNEP  
Statement on Soil Association Air Freight  
Consultation  
(Excerpts, 17 September 2007)**

*The Soil Association proposal*

The Soil Association is proposing to ban airfreighted organic products on environmental grounds. ITC, UNEP and UNCTAD believe that airfreight is not a useful indicator of environmental damage for the following reasons:

*Need to consider carbon footprint from farm to fork*

Whilst transport by air or long distances may have a higher use of fuel than from domestic sources, the very low energy usage for farm production in other countries can compensate for this (Saunders 2006). Studies have shown that even when a product is airfreighted to the European Union it may still have a more favourable carbon footprint than one grown in the European Union (Williams 2006). This is because production uses far less fuel in the South where temperatures are higher and more manual labour is used.

- The majority of energy use in the food supply chain in the UK is in distribution and consumption (DEFRA 2006), not in transport from the place of origin.
- Independent of whether a product is imported or not, products differ greatly in their carbon intensity of production – for example beef uses three times more energy in its production than cereals (Collins 2007).
- UK farmers (including organic) receive £2.8bn annually in farm subsidies, which support the use of carbon inputs (agrochemicals, fuel, electricity, gas). In addition, farmers receive a further 50 per cent subsidy on their use of farm diesel fuel. African farmers receive little if anything in energy subsidies.

It does therefore not appear consistent to withdraw certification of airfreighted products whilst continuing certification of energy-intensive UK organic produce.

**B: Assessment and lessons learned**

156. The number of references to findings and recommendations of the Branch's work in meetings of WTO, WIPO, OECD and other institutions has been substantial. The Branch's input on issues relating to environmental requirements and market access and to the liberalization of trade in environmental goods and services served as the main source of expertise for a number of sessions of the WTO Committees on Technical Barriers to Trade, on Sanitary and Phytosanitary Measures, and on Trade and Environment.

157. The work on issues relating to the mandate provided for in para. 31(iii) of the Doha Ministerial Declaration - liberalization of trade in environmental goods and services was conducted practically parallel to the negotiations in the WTO Committee on Trade and Environment, Special Sessions. It is important to note that the negotiations on environmental goods, conducted in the WTO Committee on Trade and Environment, are only the second negotiating group (besides trade facilitation) in which UNCTAD has ad hoc observer status, i.e., direct access to and an opportunity to provide input to the negotiations in "real time". UNCTAD's briefings and analytical papers formed part of the official records of the negotiations. Judging from the feedback received from participating countries, UNCTAD has served as the one of the main sources of expertise in the negotiations.

158. The East African Organic Produce Standard, launched with UNCTAD's assistance in the context of the Capacity-Building Task Force on Trade, Environment and Development (CBTF), is only the second regional standard in the world (the other one being the European Union standard on organic agriculture), and the first among developing countries.

159. The success of UNCTAD's Consultative Task Force on Environmental Requirements and Market Access for Developing Countries (CTF) has

influenced the activities conducted by UNCTAD and UNEP within the framework of the CBTF, which, in the lead-up to the third financial cycle (2008–2010), had started aligning some of its activities with those of the CTF to bring into focus, and help the developing countries seize economic, social and environmental "triple-win" opportunities arising from new environmental and related safety requirements in export markets. Recent analytical studies by the CTF on challenges and opportunities regarding private voluntary standards on environmental, health and food safety requirements for developing country producers of fresh fruit and vegetables were used in two sessions of WTO's Sanitary and Phytosanitary Committee. Furthermore, the material from these studies was also used in multi-stakeholder discussions on national programmes for the promotion of good agricultural practices in Brazil, Kenya, Malaysia, and Thailand. On the basis of this material, UNCTAD staff contributed a resource person to an e-learning course on standards and trade: challenges and opportunities for African agro-food trade organized by the World Bank, which took place between 14 May and 15 June.

160. The mobilization of extrabudgetary resources remains a priority in view of the shortage of regular budget resources relative to the scope and scale of the programme. For the CTF activities, the objective is to make its activities donor- and demand-driven. More PR efforts are needed in order to publicize the programme's achievements and enhance its image and outreach. The programme continuously seeks improvements in reporting procedures, both on- and off-line.

161. The WTO regional seminars provided an opportunity to reach out to the wider community of trade policymakers in the various regions and familiarize them with the results of this work. Numerous requests for advisory missions are indicative of the recognition of UNCTAD as a primary source of expertise.

162. The Branch's work on issues such as the sustainable use of biodiversity and trade and investment opportunities under the Clean Development Mechanism has shown that greater concrete action at the international and national levels is needed. In addressing the trade, investment and sustainable development challenges and opportunities arising from response measures to climate change, there is a need for impartial economic analysis, capacity-building and consensus-building on mutually supportive policies that address the trade, investment and development implications of climate change. UNCTAD would strengthen such efforts in line with the São Paulo Consensus and the relevant outcomes of the Mid-Term Review.

163. The BioFuels Initiative responded to the high-level interest shown by developed and developing countries in biofuels. Analytical studies were conducted addressing some of the most sensitive issues within the debate on biofuels. The biofuels option, if well assessed, planned and sequenced, could offer triple-win opportunities to developing countries in terms of climate change benefits, rural development, decent work and energy diversification.

164. The BioTrade Facilitation Programme was a key facilitator for trade in biodiversity products and services. It supported the creation of a regional trade association in the Amazon region and the establishment of the Union for Ethical BioTrade – a business-led initiative that seeks to position biotrade products in the market, offering the possibility to differentiate products in the market that are produced in line with the Convention on Biological Diversity.

165. During the revision process of the Novel Food Regulation by the EC, a special recognition was included for traditional products from developing countries that have a history of safe food use. This was a result of the various discussions on this issue in the past in the Commission on Trade in Goods and Services, and Commodities, and WTO's Sanitary and Phytosanitary Committee, during which developing countries voiced concerns in this respect.

166. The first phase of the BioTrade Facilitation Programme has been successfully concluded and a second phase is under way. Building on the success of the first phase, the second phase will work towards a more coherent framework for trade, biodiversity, and sustainable development. In addressing the challenges and opportunities regarding biotrade in an evolving policy environment, it will focus on cross-cutting issues and multi-stakeholder responses, which emphasize sustainable use rather than only conservation. BioTrade has been progressively included as part of these responses, but additional work is needed to ensure it is adequately recognized as a strategy, and supported by other policies and instruments.

167. The Branch was successful in mobilizing additional resources for implementing activities of the BioFuels and BioTrade Initiatives (from Italy, Norway, Spain, Sweden and Switzerland). However, as the number of requests for technical assistance and capacity-building has risen sharply, a favourable reply could not be given in all cases. Additional fund-raising will be required if UNCTAD is to provide technical assistance to those countries.