

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

**REPORT OF THE TRADE AND DEVELOPMENT BOARD  
ON ITS FORTY-THIRD SESSION**

held at the Palais des Nations, Geneva,  
from 7 to 18 October 1996

**Volume I**

**Report to the United Nations General Assembly**



**UNITED NATIONS**

Distr.  
GENERAL

TD/B/43/12 (Vol.I)  
25 October 1996

Original: ENGLISH

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## INTRODUCTION

The forty-third session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 7 to 18 October 1996. In the course of the session, the Board held seven plenary meetings - the 875th to 881st meetings. \*/

This report to the United Nations General Assembly has been prepared by the Rapporteur under the authority of the President of the Board, in accordance with the guidelines adopted by the Board in the annex to its decision 302 (XXIX) of 21 September 1984. The report records, as appropriate, the action by the Board on the substantive items of its agenda (section I) and the procedural, institutional, organizational and administrative matters (section II). In connection with the action reported in section I, attention is drawn to paragraph 56 of the Cartagena Commitment adopted at UNCTAD VIII, which states that "greater use should be made of agreed conclusions, assessments or summings-up by presiding officers".

Volume II of the report of the Board on its forty-third session - to be issued subsequently in TD/B/43/12 (Vol.II) - will reflect all the statements made in the course of the session on the various items of the agenda.

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\*/ In accordance with subparagraph 107 (c) of A Partnership for Growth and Development - the final document adopted by the Conference at its ninth session - the regular session of the Board "will be convened in one part in autumn for approximately 10 working days".

I. ACTION BY THE TRADE AND DEVELOPMENT BOARD ON  
SUBSTANTIVE ITEMS OF ITS AGENDA <sup>1/</sup>

A. Segment for high-level participation; substantive policy item:  
Foreign direct investment and development in a globalizing  
world economy

(Agenda item 2)

At its 881st (closing) meeting, on 18 October 1996, the Trade and Development Board decided to include in the report on its forty-third session the remarks made by the Chairman of the high-level segment on agenda item 2 at the close of the high-level proceedings on 10 October 1996. Accordingly, the closing remarks are reproduced below.

Closing remarks by Mr. Alec Erwin, Minister of Trade and Industry  
of South Africa, President of UNCTAD IX, in his capacity as  
Chairman of the high-level segment <sup>2/</sup>

I wish to thank the panellists for some very lucid inputs. It seems to me that this exercise has been a success - a success in dialogue, a success in raising issues in a manner that has been frank without necessarily adopting fixed positions. It is important that what I say must be seen not as an attempt in any way to summarize all the complexity of what has happened here today. That would not be possible, and I believe that it would also be inappropriate if, in summing up as Chairman of this high-level segment, I were to attempt in any way to set an agenda or create fixed positions. So what I am about to say must be taken as another contribution to this dialogue, allowing us to reflect on the outcome of the dialogue and to go forward.

It seems to me that we have raised some quite important issues that need further analysis and reflection. At the beginning, we heard what the preferences of the business community would be, and two important points came up in that discussion. The first one was, as Mr. Gregory indicated, that what ICC was talking about was what would be the ideal world. No country comes up to that ideal at this point, and perhaps none ever will. We were also alerted to the fact that business may not always be at one on something like a multilateral investment agreement. But while there may be differences in this regard, the business community may be at one on what they regard as a favourable investment environment from the standpoint of their own perceptions and needs. Governments will have to respond to those perceptions and needs, for they are the key doers, as was indicated.

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<sup>1/</sup> For the Board's action on organizational and institutional matters, see section II below.

<sup>2/</sup> The transcript of Mr. Erwin's closing remarks was initially circulated to the Board in TD/B/43/11. For the list of panellists and programme of the high-level segment, see TD/B/43/12 (Vol.II), chapter I.



We have heard the reservations, the viewpoints, the comments of many Governments, particularly on what the implications would be for them of a multilateral agreement. It was one of my compatriots from Africa who probably put this with the greatest vigour. We shall have to respect the reservations that have been made in the dialogue that goes forward. We have heard well-stated arguments for and against the question of whether an MIA should come now or whether we should allow for an organic development, emerging out of the many existing agreements and, obviously, taking into account the critical position that an OECD MIA would occupy when they reach agreement on it. One point that began to emerge in the closing two panels, and particularly the last one, was that when regions begin to discuss investment agreements, they do so at the same time as they are discussing a number of other issues. This came up in the MERCOSUR presentation and I know it is also very true of our own discussions in SADC in Southern Africa. In a region which has contiguous boundaries and cross-border flows, you cannot really discuss investment in the absence of a wide range of other issues - population movements, joint infrastructural projects, etc. So it seems inevitable that there would be qualitative differences between the breadth, intensity and detail of the discussions within a regional grouping and the broader multilateral arrangements that could emerge over time. I think this was not highlighted sufficiently, because it does indicate an inevitable situation where, even if we were to get a multilateral agreement, regions may still go beyond that MIA in the kind of dynamic situation that was outlined at the beginning.

What many participants highlighted in one way or another - and Ambassador Rossier did this again very lucidly at the end - was that our present discussion on the need for a multilateral agreement or the reason why it is on the agenda (there may be those who question the need at this stage, but it is on the agenda) has not sprung up from nowhere. It comes from a series of processes. All of us in UNCTAD recall the very detailed discussions that were held in Midrand about the underlying economic processes that are giving rise to globalization - the changes in investment and capital flows and the instantaneous nature of knowledge and information around the world that underlie globalization. A point was made by the moderator in the first panel that, if you look at the absolute numbers, relatively speaking in regard to investment flows there may have been as much movement a hundred years ago. But I think that what is indisputable is that the effects and the underlying impetus for this FDI has changed structurally and significantly. In our discussions on trade in UNCTAD and in the discussions on investment here today, this emerges again. We really do have to get to grips with the more deep-seated economic changes that are integrating economic space, as Mr. Ricupero said at UNCTAD IX, because it immediately means that wider issues are at stake. Mr. Graham and many other speakers in this meeting have highlighted this issue. A holistic approach is needed in these discussions. This raises a question which many speakers pointed to as an area requiring more detailed analysis: in the mobilization of resources for investment, be they domestic resources or be they FDI for any particular economy, are we in a position as countries managing our own economy to draw a distinction between domestic investment and foreign? I know, speaking for South Africa, that we feel it is not possible for domestic investors to be governed by one set of economic forces and foreign investors to be governed by another.

We must remind ourselves of an important point made here about the absolute size of FDI. If I remember the figure accurately, Professor Lall said that FDI movements constitute some 5 per cent of total savings. So the resource mobilization process is a gigantic one. I submit that, for all of us attempting to mobilize our own domestic resources, we cannot avoid or ignore the changes in the production processes, the changes in technology, the changes in marketing, the changes that arise out of mobility, when we consider our own resources. And this means possibly that the overall macroeconomic approach we take in mobilizing resources, the environment we create, cannot be separated out from what is happening in the process of globalization.

But, as at UNCTAD IX in Midrand, time and time again we came back to the diversity and differential impacts that globalization would have. This point was made again very strongly by the representative of China. The challenge, I believe, that faces us is how do we accommodate the differential impacts and the diversity without then talking past one another. This dialogue can try to avoid the danger whereby the immense diversity of our economic situations causes us to talk past one another because we have different immediate concerns.

A point that was emphasized both at UNCTAD IX and again here, but I would like to stress it very strongly on behalf of a developing country grappling with this problem, is the need for the enhanced cooperation of the multilateral institutions. It cannot make sense to have different dialogues and different studies in different structures. At the very least, there must be a dialogue on how we work together in analysing these problems and our positions must be supported with informed analysis. Speakers have stressed in this forum, and I believe this was the mandate of UNCTAD IX and it makes plain common sense, that not only must UNCTAD undertake the analytical task but it must also do what the Secretary-General of UNCTAD has outlined and make every effort to do it in cooperation with other multilateral organizations.

I believe that the panellists and delegations can congratulate themselves for having participated in this forum in a manner that has truly made it a success. Congratulations should go to the Secretary-General and Mr. Sauvant and his team and others in the UNCTAD secretariat for experimenting once again in holding a dialogue that avoids some of the pitfalls inherent in the more structured meetings that are necessary in international diplomacy and allows us here to be fairly open and frank. Whatever happens, this dialogue must continue. As we move towards the WTO Ministerial Meeting in Singapore, let us bear in mind that, as we saw with UNCTAD IX, even when you have an agreement, as in the Uruguay Round Agreements, the implementation is as important, if not more important, than the signing. In implementing these agreements, a dialogue is fundamental, for an agreement that is imposed without support is an agreement bound for failure, bound for a polarization of our economies and our societies.

Thank you for the privilege of allowing me to chair this high-level segment. This is not a summary that binds you to anything. If it has caused you to think, then I too have succeeded.

**B. Interdependence and global economic issues from a trade and development perspective: Rethinking development strategies; some lessons from East Asian development experience**

(Agenda item 3)

Agreed conclusions 434 (XLIII):            Interdependence and global economic issues <sup>3/</sup>

1. The Trade and Development Board expresses its appreciation of the work so far undertaken by the UNCTAD secretariat on development experiences of developing countries as part of its analysis of interdependence and global economic issues from a trade and development perspective. The secretariat should pursue this work, drawing as necessary on experiences of developing countries in other regions, and of the more successful least developed countries, deriving relevant policy lessons.
2. The Board requests the Secretary-General of UNCTAD to formulate lessons which might be considered by African countries, and notes the support provided by Japan in this regard.
3. The Board invites its President to conduct informal consultations designed to improve the way the Board addresses the item on interdependence, drawing on the lessons learned so far. In this connection, decisions would be taken at an executive session of the Trade and Development Board in the Spring of 1997.

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18 October 1996

President's summary on agenda item 3 <sup>4/</sup>

1. The debate on this item was rich and informative. It addressed a number of general policy issues concerning globalization and liberalization as well as more specific policy issues in its discussion of agenda item 3, "Interdependence and global economic issues from a trade and development perspective: Rethinking development strategies; some lessons from East Asia", using the *Trade and Development Report 1996* (UNCTAD/TDR/16) as background. The debate also included a lively informal panel debate with outside experts whose views greatly contributed to a deeper understanding of the issues. However, some delegations regretted that translations of the *Trade and Development Report* into all the

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<sup>3/</sup> Originally circulated in TD/B/43/L.5. In adopting the draft agreed conclusions in TD/B/43/L.5, the Board made several amendments which are incorporated in this final text.

<sup>4/</sup> Originally circulated in TD/B/43/L.4, the President's summary on agenda item 3 is included in the report by decision of the Board at its 881st plenary meeting, on 18 October 1996.

working languages of the United Nations were not available before the convening of the Board, which made adequate preparation for the discussion difficult for some Governments.

2. The *Trade and Development Report 1996* was well received by delegations and commended for its high standards of analysis. Most delegations expressed satisfaction that its analysis of global interdependence issues from a development perspective reflected the consensus reached at UNCTAD IX. There was particular support for UNCTAD's efforts to analyse successful development experiences, drawing out lessons that may be of value to other countries, and in particular the least developed countries. Several delegations expressed the opinion that taking these lessons from an analytical to a more action-oriented stage was the natural progression for this line of enquiry. A number of delegations felt that an examination of the successful experiences in other regions, including Latin America and the more successful least developed countries, and any appropriate lessons drawn for other countries, should take into full account particular social and political conditions as well as differences in levels of development.

3. The discussion on East Asian experiences was greatly strengthened by contributions from that region. Several delegations believed that sharing their experiences with other developing countries provided not only policy options for others currently facing daunting development challenges, but also a basis for more effective technical and financial assistance from the more advanced economies of East Asia. These delegations were generally very supportive of the analysis offered in the *Trade and Development Report* as a means of shedding further light on the particular mix of market mechanism and government policies used to coordinate a process of rapid economic growth and industrialization. Particular emphasis was given to the policies used to promote investment and exports, as well as to upgrading technologies, strengthening training and improving human capital. The critical role played by higher rates of private sector investment as well as investments in public infrastructure in removing supply constraints was generally recognized as being a central lesson which should be taken from East Asia to other developing countries. The positive role of selective foreign direct investment policies in this context was also recognized, but several delegations expressed the need for further empirical studies and research on the links between liberalization, foreign direct investment, technology and development, in light of East Asian experiences.

4. There was agreement that the role of the market as a basis of economic growth was now better appreciated by policy-makers in developing countries. While some delegations noted that there is a substantial overlap between the classical structural adjustment agenda and many features in the Asian success story, others argued that the dynamism of the "Asian Miracle" cannot be adequately defined by the functional approach advocated by the Bretton Woods institutions, and they expressed concern that the complementary and, when appropriate, the corrective role of the State had been unduly neglected in much recent discussion of development policy and the structural adjustment programmes. It was argued that a new generation of structural adjustment programmes in Africa should address the lessons from East Asian experience. However, some delegations from East Asia cautioned against an uncritical assessment of their experiences, recognizing that mistakes had been made and that these needed to be included in the learning process.

5. The question of how the East Asian economies had used external resources to strengthen their domestic growth dynamic was a particular concern of many delegations. Access to markets, foreign capital and technologies were also cited as integral to successful development in all the East Asian economies. A number of delegations expressed doubts as to the possible use of more selective trade and industrial policy measures, of the kind which appear to have been used by some East Asian economies, in the context of a new trading environment where increased liberalization has reduced the autonomy of the State to formulate its national economic policy, and they urged the secretariat to undertake work to determine more specific policy actions that are compatible with the Uruguay Round Agreements.

6. The optimistic stance adopted in this year's *Trade and Development Report* concerning the global environment for export-oriented industrialization met with some scepticism from several delegations. While there was agreement that globalization opened up many new opportunities for developing countries, some delegations believed that there was also an increased risk of marginalization. Several delegations saw the international economic and trade environment as much less conducive today as compared with the period when East Asia began its take-off into sustained economic growth. A combination of factors, including slower growth in the advanced economies, increased protectionism and much greater competition among developing-country exporters were identified as contributing to this changed environment.

7. In the light of new global obstacles facing policy-makers in developing countries, many delegations expressed interest in the regional dimension of East Asian success in which trade and investment had acted as vehicles to transfer growth impulses among countries at different levels of development. Several delegations discussed their own renewed efforts in this direction, and particularly the step-by-step approach that was being adopted. A number of delegations urged further work on this aspect of East Asian success and its implications for development strategies more generally.

8. The idea put forward in the *Trade and Development Report* that a marketing-cum-information service could help many newly industrializing economies in formulating their export strategies by monitoring the market conditions of certain labour-intensive manufactures met with mixed responses. A number of delegations noted that this task is already an important activity within the International Trade Centre UNCTAD/WTO and in bilateral development assistance. However, some delegations encouraged further reflection by the secretariat on this issue.

9. Opinions concerning the short and medium-term prospects of the world economy differed quite sharply. For some, substantial progress in terms of global stability was beginning to translate into more sustainable growth, particularly in the North. The recent growth performance in Africa and Latin America also showed encouraging signs from this perspective. However, on other assessments the overall growth rate of the world economy was still too low and recovery in many parts of the world was still of too short a duration to make firm predictions about future trends. A number of delegations raised the concern that deflationary policies adopted by the developed countries and insistence on countering perceived inflationary pressures had contributed to slow growth in the world economy in view of the fact that the major industrial countries still

account for three quarters of world output. Some delegations feared that the persistence, or even rise, of unemployment in these countries could generate pressures to reverse commitments made in the Uruguay Round Agreements, threatening the kind of export-led growth strategies followed in East Asia. Other delegations were of the view that fiscal consolidation was one of the core tasks of economic policy and that lower interest rates and more positive long-term expectations would promote growth in the world economy.

10. Among the constraints currently facing developing countries, many delegations cited the debt problem. Coverage of the debt issue in the *Trade and Development Report* was applauded and described as a good and accurate overview of the initiative under way in the Bretton Woods institutions. A number of delegations expressed their gratitude to UNCTAD for its helpful work on debt management and in the Paris Club negotiations. Some delegations made reference to recent proposals at the World Bank and International Monetary Fund aimed at easing the debt burden of the least developed countries. While these were warmly received as pushing the discussion in the right direction, a number of delegations felt that more could be done particularly for the heavily indebted poorest countries. They felt that the debt sustainability criteria were still restrictive, and that there was a need for flexibility in determining country eligibility and for a realistic time frame. A few delegations argued that the debt problem should be dealt with by the Bretton Woods institutions, and that the TDR should focus on new priorities agreed in UNCTAD IX.

11. The TDR was also commended for its useful and thought-provoking discussion of the factors influencing international capital flows. The importance of national regulatory frameworks was noted and some speakers argued that, in view of the high volatility of such flows, capital controls may be employed on a temporary basis, but these should be supported by appropriate policy adjustments.

12. A number of delegations pointed to issues not covered in this year's TDR which could be usefully tackled in subsequent issues. These included the impact of policies and economic development on social justice and poverty as well as a more detailed assessment of the export opportunities actually created for developing countries by the Uruguay Round.

**C. Programme of Action for the Least Developed Countries  
for the 1990s**

(Agenda item 4)

Agreed conclusions 435 (XLIII): Least developed countries <sup>5/</sup>

1. The Programme of Action for the Least Developed Countries for the 1990s and the outcome of its Mid-term Global Review have recommended policies and measures at the national and international levels to address the danger of further marginalization of these countries in the international trading system.

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<sup>5/</sup> Originally circulated in TD/B/43/SC.1/L.2.

Also, at its ninth session, the United Nations Conference on Trade and Development outlined actions to promote integration of LDCs into the rapidly globalizing and liberalizing world economy. In elaborating these measures, special attention was given to help enabling LDCs to maximize their potential opportunities and minimizing possible risks arising from the Uruguay Round Agreements (URAs).

2. Strengthening the capacity of the LDCs to reap the potential benefits from the URAs would entail building up their supply capacities to produce exportable goods and services on a competitive basis. This, in turn, will require, as pointed out by the outcomes of the Mid-term Global Review and UNCTAD IX, national actions and longer-term bilateral and multilateral assistance focusing on improving policies conducive to trade creation and overcoming supply-side impediments.

3. In this regard, the Trade and Development Board reaffirms the outcomes of the Mid-term Global Review and UNCTAD IX as they relate to LDCs' trade and trade-related issues.

4. The final document of UNCTAD IX, in paragraph 83, states that: "UNCTAD's work should be geared to the special needs of developing countries, particularly the LDCs, and focus on development issues. It should be action-oriented and provide guidance on national policies and on an enabling environment conducive to trade and development." Integration of LDCs into the world economy and the international trading system would entail the development of export capacities to produce tradeable goods and services on a competitive basis. In this regard, the Secretary-General of UNCTAD is encouraged to elaborate UNCTAD-wide integrated country-level programmes for selected LDCs by pooling the contributions of its Divisions, in accordance with the priorities identified by the LDCs concerned.

5. UNCTAD should closely collaborate and coordinate with the organizations concerned, such as WTO, ITC, World Bank, IMF, UNDP, UNIDO and other development organizations, in the design and implementation of the above activities to ensure coherence in policy advice and support.

6. The Trade and Development Board asks the UNCTAD secretariat and the Commissions, in carrying out their tasks, to pay particular attention to the special needs of the LDCs. In presenting their reports to the Board, the Commissions should, wherever possible, seek to highlight the results of particular relevance to the LDCs.

7. The Board also asks the enlarged Bureau to consider the future method of work of the Board in conducting its annual review of progress in the implementation of the Programme of Action for the least developed countries for the 1990s with a view to facilitating an in-depth discussion of this item in the light of the priorities established by UNCTAD IX.

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Summary by the Chairman of Sessional Committee I  
on agenda item 4 <sup>6/</sup>

Introduction

1. Sessional Committee I of the Trade and Development Board, in accordance with General Assembly resolution 45/206 and the outcome of UNCTAD IX, conducted the sixth annual review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s, with the *Least Developed Countries 1996 Report* and its addendum as the background documents. I wish to place on record the appreciation expressed to the UNCTAD secretariat for the excellent quality of this Report which contained very useful information and analyses and which was of particular value to the Governments of LDCs and their development partners.

2. The Committee also had an informal exchange of views and a fruitful debate on recent initiatives in the area of external trade and external debt of LDCs. The participation of high-ranking officials and experts from LDCs and their development partners in the meeting significantly contributed to a constructive dialogue. (For a summary of the Panel meeting, see annex).

Recent growth performance

3. It was noted that the LDCs as a group displayed modest economic progress in 1994 and 1995 after many years of stagnation or deterioration. Of the 48 LDCs, 14 were estimated to have experienced strong economic growth in 1995, with GDP growth rate of more than 5 per cent. It was encouraging to see that the most notable improvement in economic performance occurred in African LDCs. As indicated in the *LDCs 1996 Report*, the overall improvement in LDCs' economic performance was due to a combination of factors, including progress made in enhancing political and social stability in some countries, the benefits accruing from domestic economic policy reforms, improved commodity prices as from about 1994 and favourable weather conditions. The efforts to implement more prudent fiscal and monetary policies designed to reduce macroeconomic imbalances also contributed to lower inflation in several countries and the return of investor confidence. However, despite these overall improvements, it was noted that a decisive reversal of LDCs' socio-economic deterioration is not yet in sight.

ODA and debt

4. The continuing decline in the overall ODA/GNP shares to LDCs, which in 1994 were less than half of the aid targets and commitments set at the Paris Conference, and the fact that fewer donor countries were meeting those targets than in 1990 was a matter of serious concern. The improved aid performance by some donors was welcomed and donors were urged by LDCs to make further efforts

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<sup>6/</sup> Originally circulated in TD/B/43/SC.1/L.3.



to fulfil the ODA targets and commitments undertaken in the Programme of Action and reaffirmed in the Mid-term Global Review and at UNCTAD IX.

5. A number of LDCs had made strong efforts to attract foreign direct investment through the liberalization of their economies and the provision of enhanced investment incentives. This notwithstanding, the level of foreign investment inflows had not been encouraging. The need for other initiatives, with support from the international community, to make increased inflows of FDI to LDCs a reality was stressed. This should include assistance to address fundamental problems regarding domestic capacities including the development of the domestic infrastructure and the strengthening of supply-side capabilities. Other areas stressed included strengthened domestic regulatory framework and improved market access.

6. The debt burden of LDCs, particularly those in Africa, remains exceptionally high and is a serious constraint to their development. Of particular concern is the increasing share of multilateral obligations in the overall debt stock and debt servicing of LDCs. In this connection, the considerable progress which has occurred in recent weeks in addressing the debt and debt servicing problems of the heavily indebted poor countries is encouraging. Of particular significance is the concerted commitment by the international financial community and the Paris Club to take additional action to reduce eligible countries' debt burden to sustainable levels where the full use of the existing debt relief mechanism is unlikely to provide sufficient relief. The LDCs emphasized that the effectiveness of these initiatives will depend on the nature of the eligibility criteria and the flexibility with which they are applied. Non-Paris Club creditors were also encouraged to take similar measures to alleviate the external debt burden of LDCs.

#### External trade

7. The outcome of UNCTAD IX highlighted the challenges posed to LDCs by globalization and liberalization, as well as the need to provide support to these countries to help them overcome the risks of further marginalization in the process. Enhanced access to expanding global markets require efficient production structures capable of meeting increasingly exacting demands in terms of quality, cost and delivery structures on international markets. These requirements contrast sharply with the salient characteristics of the LDCs' export sector, which include serious lack of diversification and widespread shortages of entrepreneurial and managerial skills, technological capacities, physical infrastructure and support services such as finance, marketing and insurance. Integration of the least developed countries into the world economy will require concerted action by the LDCs and the international community. In this regard, attention is drawn to the agreed conclusions on this agenda item. <sup>7/</sup>

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<sup>7/</sup> See agreed conclusions 435 (XLIII) above.

Annex

Report of the Chairman of Sessional Committee I on the  
work of the Panel Meeting on agenda item 4

1. Discussions in the Panel centred on the Plan of Action for LDCs being drafted within the WTO and the recent initiatives of the World Bank and IMF on resolving the debt problem of the heavily indebted poor countries. Some of the important points to have emerged from these discussions are outlined below.

2. It was noted that the Plan of Action, if appropriately elaborated and implemented, would contribute to enhancing trading prospects of LDCs, and their speedy integration into today's rapidly globalizing and liberalizing world economy and trade. Alleviation of debt, likewise, would help to free scarce resources for LDCs which, in turn, could help the process of adjustment and reform to overcome structural and supply-side weaknesses.

3. The WTO Plan of Action was expected to comprise three elements: improving market access conditions; encouraging FDI flow; and coordination and cooperation among international organizations concerned in implementing the Plan. The draft would be presented at the first Ministerial Meeting of the WTO to be held in Singapore in December 1996. A Ministerial Meeting of LDCs would be convened in November to assist these countries in preparing for the Singapore Ministerial Meeting. Following this Meeting, a high-level meeting would be convened by WTO to consider the collaboration and coordination among WTO, UNCTAD, ITC, the World Bank and IMF in the implementation of the Plan of Action for LDCs.

4. It was pointed out by some participants that the WTO Plan of Action would be an important instrument in enhancing market access of LDCs, but in itself might not guarantee export expansion. The Plan would need to be complemented by actions aimed at overcoming supply-side impediments by putting in place the necessary human, physical and institutional infrastructure, upgrading technological capacity, and providing support to improving trade and related policies. The need for technical assistance and financial support was cited in resolving longer-term constraints.

5. Ongoing collaboration between UNCTAD and WTO in providing technical assistance to LDCs in the area of trade was highlighted. UNCTAD and WTO should work in tandem in elaborating specific actions and their implementation. Some panellists emphasized that technical assistance should not be limited to seminars and the provision of experts, but should help to address the fundamental problems which limit the production capacity in LDCs. Such assistance needed to be tailored to the specific requirements of each LDC. A multidisciplinary approach was required in the assistance programmes for the LDCs.

6. The Panel addressed the question of FDI to LDCs. Most LDCs have put in place liberal policies to attract FDI. However, the volume of FDI to these countries has remained scanty. Some participants noted that the problem was not with policies, but with the structural weaknesses in the LDCs. Foreign investors preferred to invest in countries with better infrastructure, which was not available in LDCs. They recommended that the developed countries, more advanced

developing countries and international organizations concerned should work together to encourage FDI to LDCs.

7. The Panel also discussed the recent initiative by the World Bank and the International Monetary Fund on the debt of the heavily indebted poor countries (HIPCs). Of the 41 countries identified as HIPCs, 29 are LDCs. The Panel was informed that the initiative had been designed to resolve the debt problems of HIPCs by reducing the external debt burden to sustainable levels, so as to ensure that adjustment and reforms in these countries were not exposed to risks arising from indebtedness. Action under this initiative would be envisaged only when the debtor country had shown, through a good track record of policy performance, its ability to put the support provided to good use. The initiative would cost an estimated \$5.5 billion and would be financed out of IMF's Enhanced Structural Adjustment Facility, World Bank funds and the Paris Club, which was to provide up to 80 per cent in debt relief. The operations might not involve less conditionality for the participating debtor countries.

**D. UNCTAD'S contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s and the role of UNCTAD in the implementation of the United Nations System-wide Special Initiative on Africa**

(Agenda item 5)

Agreed conclusions 436 (XLIII): Development in Africa <sup>8/</sup>

1. In accordance with the final outcome of UNCTAD IX, "A Partnership for Growth and Development", in particular paragraph 107 (c), the Board reviewed at its forty-third session progress in the implementation of the United Nations New Agenda for the Development of Africa in the 1990s and considered UNCTAD's contribution to the United Nations System-wide Special Initiative on Africa. The Board also held a Panel meeting on the African situation, with the participation of Ministers and Ambassadors. <sup>9/</sup>

2. In the discussions in the Board, together with those of the Panel, participants noted that the efforts of African countries on various areas have resulted in significant improvement in their overall economic performance, with the number of countries recording negative growth dropping to 3 in 1995 and those achieving the target of 6 per cent growth per annum increasing to 12 by the end of 1995. The Board noted the constitutional and political as well as regulatory and economic policy reforms effected by many African countries with view to securing sound macro-economic policies, facilitating the flow of investment to their countries, mobilizing their domestic savings, developing their human resources and developing the production and export base of their economies.

3. The Board noted also the efforts of the international community to support African efforts through, *inter alia*, debt relief, extension of trade preferences, export compensatory mechanisms, resource flows to Africa and the various

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<sup>8/</sup> Originally circulated in TD/B/43/SC.1/L.4.

<sup>9/</sup> The report of the Chairman of Sessional Committee I on the Panel Meeting is annexed to these agreed conclusions.

technical and financial assistance programmes extended bilaterally and multilaterally.

4. The Board reaffirmed the agreed conclusions of the Mid-term review of the UN-NADAF and called on all the partners in development to implement as soon as possible the recommendations therein. In this respect, they called on UNCTAD to fulfil its role in implementing its part of responsibilities within the framework of UN-NADAF.

5. UNCTAD's role in implementing the UN-NADAF and the United Nations System-wide Special Initiative on Africa could *inter alia* encompass:

- (a) Continuing and further developing its trade efficiency programme for interested African countries;
- (b) Improving trade-supporting services facilitating trade and exports;
- (c) Supporting the formulation of national policies promoting and attracting foreign direct investment;
- (d) Supporting the formulation of national policies promoting private-sector development, including SMEs and privatization issues;
- (e) Aiding African countries in joining the global trading system and assisting them in developing trade negotiating capacity as well as improving their competition capacities and policies;
- (f) Assisting the trade, investment and technological cooperation of interested African countries through projects of technical assistance and policy advice to interested countries;
- (g) Distilling relevant development lessons from other countries' successful development experience and studying in depth specific developmental problems of interest and relevance to Africa, African countries and African economic cooperation;
- (h) Contributing to vertical and horizontal diversification in commodity-dependent countries and promoting the use of risk-management instruments in favour of producers and exporters;
- (i) Providing continued support for debt management.

6. The Board invites donors to make extra-budgetary contributions to UNCTAD to carry out its activities in African countries and finance the required technical assistance programmes.

7. The UNCTAD secretariat should cooperate closely and coordinate its work and contribution with other international and development organizations, in particular WTO, IBRD, ITC, ILO, UNIDO, UNDP, UNESCO and regional/subregional organizations.

8. The Secretary-General of UNCTAD is requested to report to an executive session of the Board on the manner in which he will implement the above proposals. The secretariat is also requested to report to the next session of the Board on the progress, implementation and, if any, problems in carrying out these activities.

9. The consideration of the Africa item in the Board should be organized in a way that allows for a general exchange of views as well as a focused informal debate with participation of experts. The secretariat documentation should lay stress on specific themes. The Board's consideration would aim at highlighting areas for specific actions.

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Annex

Report of the Chairman of Sessional Committee I on the  
work of the Panel Meeting on agenda item 5

1. The panellists addressed the following issues:

- Its main problems and prospects for Africa;
- The role and importance of peace, security and political stability in the development of Africa;
- Possibilities for replicating the East Asian experience;
- The role of the United Nations in addressing Africa's problems.

2. Africa had the potential to be the richest continent, but owing to some shortcomings in its domestic policies, an unfavourable external environment, man-made disasters (e.g. civil wars and conflicts) and natural disasters, it is the poorest. The number of African countries classified as least developed had actually increased - now 33 out of 48 LDCs are in Africa. Africa had fallen behind in its share of both world output and world trade, and it continued to fail to attract adequate foreign direct investment. Its GDP growth rate is the lowest in the world. In terms of overall human development, the current *Human Development Report* (UNDP) places the majority of African countries at the lower end of the scale.

3. In accordance with commitments made in the New Agenda, African countries had done the following: introduced liberal policies to attract foreign direct investment; put in place privatization programmes; introduced financial and political reforms and increased transparency and accountability; strengthened and rationalized regional groupings; and, set up mechanisms for conflict prevention, management and resolution. Despite these efforts, there had been no change in their situation.

4. Some domestic factors were identified as responsible for Africa's failure to halt its decline, including:

- (a) Inadequate or inappropriate economic policies;
- (b) Absence of good governance (ethnicity, lack of transparency, military coups, corruption and absence of the rule of law);
- (c) Supply-side weaknesses - lack of diversification, structural weaknesses (narrow production and export base, inability to compete in world trade);
- (d) Natural disasters - drought and desertification; HIV/Aids epidemic.

5. The panellists also identified a number of problems on the external front:

- (a) The indebtedness of African countries was the major constraint (some countries pay out 50 per cent of their export earnings for servicing interest on debt, and their stock of debt to GDP is more than twice the average of other indebted developing countries);
- (b) Falling ODA going to Africa: Africa-fatigue syndrome; Africa is losing out to other regions in terms of inflows of resources and lack of political will;
- (c) Unfavourable terms of trade, due in particular to commodity trade;
- (d) Problems of market access and issues related to the post-Uruguay Round (TRIPs);
- (e) Failure to attract foreign direct investment despite far-reaching economic reforms and liberalization.

6. In pointing the way forward, the panellists emphasized the following for Africa:

- (a) Self-reliance, with intensification of efforts to facilitate economic integration and cooperation, including South-South cooperation. They called for increased assistance for the regional integration of such cooperation arrangements.
- (b) Peace building and conflict resolution, including elimination of the underlying causes of social conflict. (This was a key area needing urgent attention);
- (c) Deepening economic, social and political reforms;
- (d) Investment in technology transfer, linking it with indigenous technologies and human resources development.

7. The panellists called on the international community to:
- (a) Fulfil its commitments to facilitate Africa's recovery and development, and demonstrate the necessary political will to provide meaningful assistance;
  - (b) Recognize the importance of the implementation of the existing international programmes in favour of Africa;
  - (c) Deal effectively with African external debt;
  - (d) Increase resource flows to Africa, including FDI;
  - (e) Support Africa's diversification efforts;
  - (f) Put in place appropriate mechanisms to address the deteriorating terms of trade;
  - (g) Extend aid to subregional cooperation mechanisms.

8. The panellists observed that there had been a plethora of international programmes on Africa under the auspices of the United Nations system which had failed to produce tangible results. In fact, the situation had continued to deteriorate during the implementation of these programmes. In addition to the lack of will to implement these programmes, in terms of adequate resources, there was poor coordination within the United Nations system. The panellists therefore welcomed the United Nations System-wide Special Initiative on Africa in the hope that it would improve coordination. They warned, however, that it should not replace UN-NADAF, but be a catalyst, facilitating the implementation of the New Agenda.

9. Issues regarding UNCTAD's role included (a) the specifics on UNCTAD's contribution to the Special Initiative on Africa on trade and market access; (b) Whether UNCTAD should play a lead agency role in investment, which is part of the Special Initiative on Africa.

10. The panellists also noted activities which individual donor governments had carried out in Africa. Since the first Tokyo International Conference on African Development (TICAD), the Japanese Government had undertaken a number of activities as a follow-up, which included: Asia/Africa Forum (Bangdung, Indonesia, December 1994); Regional Workshop for Eastern and Southern Africa on the Operationalization of the Tokyo Declaration (Harare, Zimbabwe, July 1995); Expert Group Meeting on Public Finance, Private Sector Development, Trade, Agriculture, Human Resources Development and Infrastructure Development (Seychelles, December 1995). A number of other initiatives by the Government of Japan were cited.

11. In the post-Uruguay Round period, Africa should wait for the implementation of the commitments made in its favour. Hence, the question of investment negotiations is premature. UNCTAD is the only international organization of universal membership capable of studying the multi-dimensional issues, holding informed discussions and contributing to the quality of such discussions. That was a natural way of maturing such issues before going into any negotiations.

12. Finally, the panellists paid tribute to Norway and Japan for their efforts to aid and support Africa.

**E. Review of technical cooperation activities of UNCTAD**

(Agenda item 6)

Agreed conclusions 437 (XLIII): Technical cooperation activities <sup>10/</sup>

The Trade and Development Board agreed:

- (i) To request the Secretary-General of UNCTAD to finalize the strategy and plan for technical cooperation before the end of 1996, in consultation with member States, on the basis of the relevant Midrand decisions and the proposals in his report (TD/B/43/7) and comments thereon, taking into account also the views of member States on trends in, and the content of, UNCTAD's 1995 technical cooperation programme provided through the above-mentioned consultative process;
- (ii) To set out the strategy and to consider the plan for 1997 and the subsequent two years at the executive session of the Board early in 1997;
- (iii) To invite contributions to the proposed UNCTAD trust fund for least developed countries;
- (iv) To welcome the consultations between the Secretary-General of UNCTAD and the Administrator of UNDP on issues relating to trade and investment, particularly in the light of the objectives of sustainable human development in UNDP-financed programmes, and to request the Secretary-General to inform the Board periodically of progress in these consultations;
- (v) To request the Secretary-General of UNCTAD, in implementation of paragraph 99 of the "Partnership for Growth and Development", to review existing cooperation arrangements and to conclude, whenever appropriate, formal arrangements such as memoranda of understanding with other relevant international organizations; these arrangements should be transparent, discussed with member States and address the possible establishment of inter-agency task forces; and to welcome the integrated programme for Africa launched by UNCTAD, WTO and ITC and to propose that an evaluation of the implementation of that programme should be undertaken.

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<sup>10/</sup> Originally circulated in TD/B/43/SC.2/L.2, section B.



Summary by the Chairman of Sessional Committee II on agenda item 6 <sup>11/</sup>

1. Delegations had a wide-ranging and useful discussion on UNCTAD's technical cooperation. The constructive exchange of views among beneficiary and donor countries, which looked at past trends and future prospects in light of the outcome of UNCTAD IX on technical cooperation, took place on the basis of the documentation (TD/B/43/7 and statistical annex) prepared by the secretariat.
2. There was a widely shared view of the need to implement expeditiously the provisions set out at Midrand on technical cooperation. The secretariat was requested to prepare as quickly as possible the draft strategy for coherence between regular and extrabudgetary programmes and the rolling three-year plan for technical cooperation, for consideration and adoption by the Board early in 1997, on the basis of the comments of delegations and the proposals of the Secretary-General of UNCTAD. The plan for 1997 should be available before the end of 1996.
3. It was also felt that UNCTAD needed a more focused technical cooperation programme based on its work programme priorities and the areas set out in paragraph 97 of the final outcome of UNCTAD IX. It was pointed out that this would need to be based on requests of beneficiary countries. There was also agreement that the strategy and plan should reflect a focusing of technical cooperation on action-orientated activities that made a practical contribution to development at the country or regional level.
4. The Sessional Committee also took note of trends in the mobilization and utilization of resources. It welcomed the increase in contributions to UNCTAD's technical cooperation trust funds from bilateral and other sources, which should continue to be mobilized in a manner consistent with UNCTAD priorities.
5. Concern was expressed at the absolute and proportionate decline in technical assistance activities in least developed countries, in contrast to the priorities agreed at Midrand. In recalling the outcome of Midrand, there was agreement that countries in greatest need - particularly those in Africa and least developed countries - should receive priority in the assistance provided by UNCTAD and that this priority should be fully reflected in the strategy and triennial plan for technical cooperation.
6. The establishment of an UNCTAD trust fund for the least developed countries - which was seen as a positive instrument in giving effect to the UNCTAD IX policy of giving priority to LDCs - should also be included in the strategy and plan. Some countries indicated their willingness to consider favourably contributions to the fund. The establishment of such a fund should not affect the secretariat's efforts to focus priority on LDCs in other UNCTAD technical cooperation activities undertaken outside the fund. Delegations looked forward to the planned consultations with the Secretary-General on the matter.
7. The spokespersons for the Latin American and Caribbean, African and Asian Groups stressed their concern that the recent increase in UNCTAD's technical

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<sup>11/</sup> Originally circulated in TD/B/43/SC.2/L.2, section A.

cooperation activities in Central and Eastern Europe might have been to the detriment of UNCTAD programmes in developing countries, and might have hindered the orientation and capacity of the secretariat in backstopping such programmes. All delegations underlined the importance of planning and implementing UNCTAD's technical cooperation programme according to the provisions of paragraph 95 of the "Partnership for Growth and Development".

8. Representatives of transition economies attached great importance to UNCTAD's technical cooperation activities in their region and agreed that these programmes should not jeopardize UNCTAD's operational work in support of developing countries.

9. There was a strong emphasis on monitoring and evaluation as an important element in improving the effectiveness of technical cooperation and in focusing activities on results and impact. The view was held that a culture of evaluation was needed so that the lessons of experience could be incorporated at the design stage.

10. Several technical cooperation programmes identified in the final document of UNCTAD IX were mentioned as providing high-quality advice and support to beneficiary countries. The need for assistance in the post-Uruguay-Round environment was mentioned in particular, including new and emerging issues, competition law and investment. Some delegations insisted on the need for technical cooperation in the area of trade with those countries not members of WTO, including assistance to countries in the process of accession to WTO. Other programmes commended by delegations included: debt management, EMPRETEC-21, subregional and regional cooperation, TRAINFORTRADE and trade efficiency, including ASYCUDA and the Global Trade Point Network. Some delegations requested more technical cooperation for the commodity sector, in light of the significance of the sector for a number of developing countries, particularly least developed countries.

11. There was support from several countries for the proposal to invite countries using UNCTAD's software - namely ACIS, ASYCUDA and DMFAS - to contribute to the costs incurred in providing a regular maintenance and back-up service, on the understanding that the level of such "user charges" would need to reflect capacity to pay. Other countries, however, felt that the proposal needed further study before it could be introduced. The request was made to exempt least developed countries from such user charges. Some donor countries suggested the further development of the concept of cost-sharing in the financing of UNCTAD's technical cooperation programme.

12. The Sessional Committee welcomed the growing collaboration with other organizations in the preparation and implementation of joint technical cooperation programmes. Particular mention was made of the integrated ITC/UNCTAD/WTO programme of technical cooperation for the development of Africa's trade in the post-Uruguay Round environment as an example of the benefits of inter-agency collaboration. The need for an evaluation of the implementation of this programme was emphasized. The importance of cooperation with UNIDO in the areas of investment and enterprise development was also mentioned.

13. Concern was expressed regarding the steep decline in the availability of UNDP resources for trade and development technical cooperation projects executed

by UNCTAD. Delegations expressed the view that technical cooperation for trade and investment could advance the objectives of sustainable human development. To this effect, closer cooperation between UNCTAD and UNDP would be beneficial in enabling UNCTAD to advance the objectives set out at Midrand. Delegations welcomed the resumption of a more active dialogue between UNDP and UNCTAD on this matter. It was also pointed out that beneficiary countries could include requests for technical cooperation in the area of trade and investment in their national programmes financed by external donors, including UNDP.

**F. Matters requiring action by the Board in follow-up to the ninth session of the Conference and arising from or related to reports and activities of its subsidiary and other bodies**

(Agenda item 7)

- (a) Report of the Secretary-General of UNCTAD on preparations for a meeting with actors in development

At its 881st (closing) meeting, on 18 October 1996, the Trade and Development Board, in the light of the oral report by the Chairman of Sessional Committee II and following approval by the Bureau of the Board, decided to postpone consideration of agenda item 7 (a) until the next regular session of the Board.

- (b) Improving the participation of developing countries' experts in UNCTAD meetings, including the question of financing their participation

Agreed conclusions 438 (XLIII):                    Participation of developing countries' experts <sup>12/</sup>

1. The Trade and Development Board had an exchange of views on the question of improving the participation of developing countries' experts in UNCTAD meetings, including the question of financing their participation. The discussion included the issues set out in TD/B/43/CRP.3. There was general agreement that the expert meetings called for by "A Partnership for Growth and Development" needed the active participation of experts from every interested region in order to benefit from a higher level of technical expertise. It was recognized that the costs involved might cause problems to developing countries, in particular to the least developed among them, and that measures needed to be taken to facilitate the participation of developing-country experts, including by providing a predictable and stable funding basis.

2. The options provided in TD/B/43/CRP.3 were reviewed in the course of the discussion. Delegations agreed that many questions still needed to be clarified, including the issues of long-term funding and the possible use of the regular budget for this purpose. It was agreed, however, to take a number of measures

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<sup>12/</sup> Originally circulated in TD/B/43/SC.2/L.4. In adopting these agreed conclusions, the Board agreed to annex to them the statement of position made by the representative of the United States of America.

immediately, on a provisional basis, in order to give effect to the decisions taken at Midrand. It was also felt necessary to gain some experience with the operation of the new intergovernmental machinery before taking any long-term decisions on this matter.

3. As a concrete measure on a trial basis, the Board agreed:

- (a) To request the Secretary-General of UNCTAD to establish, subsequent to consultations with member States, a trust fund, the purpose of which is to enhance the participation of developing-country experts in UNCTAD meetings. The meetings referred to are those described in paragraph 114 of "A Partnership for Growth and Development", which also states specifically that: "Experts should be nominated by Governments, should have proven experience and would serve expert meetings in their personal capacities." The Secretary-General should base his decisions regarding the enhancement of the participation of developing-country experts on the principle of equitable geographical representation and beneficiary needs;
- (b) To request the Secretary-General to start the fund-raising process and the activities of the trust fund as soon as possible;
- (c) To request the Secretary-General to explore avenues to increase developing-country expert participation in addition to the financing of travel and per diem costs. In particular, recourse to modern methods of communication should be borne in mind;
- (d) To request the Secretary-General to consider also the possibility of enhancing further the participation of developing-country experts through the judicious use of his prerogative to invite experts contributing to the work of the secretariat and enable them to participate also in expert meetings;
- (e) To request the Secretary-General to present to the Board as soon as possible a report on the decision taken at Midrand that: "With a view to strengthening UNCTAD's capabilities, including *inter alia* technical cooperation, ways and means should be explored within the existing financial rules and regulations of the United Nations to reallocate a part of the savings resulting from improved overall cost-effectiveness";
- (f) To assess, at its next regular session, after adequate preparations, the effectiveness of these measures and their impact on improving developing-country expert participation, on the basis of a report prepared by the Secretary-General in this regard;
- (g) To decide, at its next regular session, in the light of the above assessment and the financial situation of the fund, whether or not to pursue elements of the first option outlined in TD/B/43/CRP.3.

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Annex to agreed conclusions 438 (XLIII)

STATEMENT BY THE UNITED STATES OF AMERICA <sup>13/</sup>

1. We appreciate the efforts of the Chairman of Sessional Committee II during the past two weeks to help delegations reach accommodation on the issues before us. The United States delegation has been an active participant in each meeting and we are largely supportive of the outcomes.

2. My delegation regrets that, while the United States endorses the establishment of a trust fund under the Secretary-General of UNCTAD, the purpose of which is to enhance the participation of developing-country experts in the work of UNCTAD, the United States is unable to join consensus on the output of the contact meeting on expert funding. Accordingly, my delegation requests that these comments be annexed directly to the final agreed conclusions of the contact group on expert funding, now and in any output of this session of the Board.

3. As many of you know, we were close to resolution of many points on a forward-looking proposal, based on the Chairman's own original draft, when a new, shorter package was introduced which would devolve to the Secretary-General of UNCTAD the responsibility and authority to frame and carry out a trust fund to enhance broadly the participation of experts in the work of UNCTAD. We expressed the view that, while the brevity of the new package was desirable, the new package was unbalanced.

4. My delegation made the point at the time of this proposal's introduction that we needed either to maintain the extensive detail of the then nearly complete first effort, which would include all member States' perspectives, or to strip the newly introduced package to its bare essentials, namely that we call upon the Secretary-General to establish a trust fund, the purpose of which is to improve the participation of experts in UNCTAD's work.

5. Unfortunately, despite my delegation's best efforts, we have ended up with a mongrel paper that includes elements favoured by some delegations, but leaves out the elements of, *inter alia*, prioritization, maximization of resources, cost sharing, and others that are absolutely critical for my delegation. Some of these elements found agreement in the first version, but delegations subsequently declined to allow their inclusion in the final document. The absence of those critical elements renders the overall content of paragraphs that contain some valuable elements contrary to my delegation's strongly held and long-established views on the overall expert participation issue. Other wording, left unbalanced by these deficiencies, wrongly suggests a pre-ordained outcome of the trial project process that we cannot accept.

6. Specifically, we cannot join consensus on the last clause of paragraph 1 which indicates the "need" for UNCTAD to provide a "predictable and stable funding basis". Such a statement clearly points exclusively to the one-

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<sup>13/</sup> Annexed to the agreed conclusions by decision of the Board at its 881st (closing) meeting, on 18 October 1996.

dimensional answer of a regular budget line item, the only truly stable and predictable funding source, but a solution that my delegation will strongly oppose. This could have been resolved by the subsequent inclusion of several modalities requested by the United States for the trust fund, but other delegations were unwilling to incorporate them in the final draft. Accordingly, the clause beginning with "including by ..." should be eliminated.

7. In paragraph 2, second sentence, the text includes only two references, both of which focus on the use of regular budget resources as the answer to expert participation questions. Again, this is a one-dimensional statement that points to an unacceptable, pre-ordained outcome to the trial trust fund project.

8. Paragraph 3 (a), last sentence, again points, through its reference to "equitable geographical representation", exclusively to the funding of expert travel as the solution to expert participation issues. The words "*inter alia*" need to be inserted following the word "experts" in the penultimate line.

9. Paragraph 3 (c) extends this one-dimensional focus to the specifics of travel and per diem, presupposing both funding, and its extension to all elements of travel costs, rather than on the cost-sharing basis proposed by the United States. Further, the paragraph minimizes the many other non-travel-related options available for enhancing expert participation in UNCTAD's work. The complete paragraph should be redesignated as paragraph 3 (b) and amended as follows: "To request the Secretary-General to also explore other avenues to increase developing-country expert participation, including recourse to modern methods of communications."

10. Finally, the last clause of paragraph 3 (g) again presupposes a one-dimensional solution outlined as the first option of the relevant conference room paper. This option is unacceptable on several grounds, foremost of which is its reliance on regular budget funding. The final clause of this paragraph should be amended to read "whether or not to pursue other options, including elements of the options outlined in TD/B/43/CRP.3".

11. As we have made clear from the beginning of this Board, the United States supports the establishment of a trust fund, the purpose of which is to enhance the participation of experts in UNCTAD's work, i.e. the element contained in the first half of paragraph 3 (a) of the agreed conclusions. We cannot, however, join in consensus on other points representing either background to this issue, opinions identified as those of the entire contact group, suggested modalities, or options for future consideration.

12. We note that the present paragraph 3 (a) calls for the Secretary-General to establish the trust fund subsequent to consultations with member States. We look forward to making known to the Secretary-General our views on the appropriate construction of a trust fund and its appropriate, prioritized uses for establishment of technical, procedural and other mechanisms to enhance the participation of experts throughout the UNCTAD machinery.

**G. Other matters in the field of trade and development**

(Agenda item 8)

(a) Progressive development of the law of international trade: twenty-ninth annual report of the United Nations Commission on International Trade Law

1. For its consideration of sub-item 8 (a), the Board had before it the report of the United Nations Commission on International Trade Law on the work of its twenty-ninth session, held in New York from 28 May to 14 June 1996 (A/51/17), which had been circulated to the Board under cover of a note by the UNCTAD secretariat (TD/B/43/3).

Action by the Board

2. At its 880th meeting, on 16 October 1996, the Board took note of the report of the United Nations Commission on International Trade Law on the work of its twenty-ninth session (A/51/17).

(b) Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its twenty-ninth session

3. For its consideration of sub-item 8 (b), the Board had before it the report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its twenty-ninth session, held in Geneva from 15 to 19 April 1996 (ITC/AG(XXIX)/157), which had been circulated to the Board under cover of a note by the UNCTAD secretariat (TD/B/43/4).

4. Introducing the report, the Vice-Chairman of the Joint Advisory Group (Uruguay) stated that the Group had vigorously reaffirmed the relevance and importance of ITC's mandate in today's trade environment and fully supported the Executive Director's continuing efforts to improve the efficiency of the organization, particularly through institutional reform and closer relations with its parent bodies. Appreciation had been expressed for ITC's technical cooperation activities in 1995 which were judged to be pragmatic, result-oriented and responding to the countries' needs and potential for trade promotion and export development. The Group had also welcomed ITC's initiative to develop a mission statement and expressed its full support for the formulation of ITC's strategy, core services, values and modus operandi. It had also noted ITC's contribution to the United Nations Medium-term Plan for the period 1998-2001. Recalling its endorsement of the proposal for setting up a Global Trust Fund at its twenty-eighth session, the Group expressed its satisfaction at the establishment of the Global Trust Fund and the effective functioning of its Consultative Committee.

5. Finally, he reported that, as was the practice each year, government representatives had announced at the twenty-ninth session confirmed or possible voluntary contributions to ITC. On behalf of the Group, he expressed gratitude to the Governments of Canada, China, Denmark, Finland, Germany, India, Japan, Netherlands, Norway, Sweden and Switzerland for this support.

Action by the Board

6. At its 880th meeting, on 16 October 1996, the Board took note of the report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its twenty-ninth session (ITC/AG(XXIX)/157).

**H. Other business**

(Agenda item 10)

Item 10 (a): Review of UNCTAD's publication policy

Agreed conclusions 439 (XLIII): UNCTAD's publication policy <sup>14/</sup>

1. The Trade and Development Board agreed that its discussion was the beginning of a process in the implementation of the decisions taken at Midrand and that the main purpose of the review was to increase the quality and impact of UNCTAD publications and to make the best possible use of existing resources.

2. The Board endorsed the approach set out in TD/B/43/CRP.4, under which the Secretary-General of UNCTAD would review the report of the secretariat task force on publications, to be completed by March 1997, and subsequently report to the Board. The Secretary-General of UNCTAD was requested to make a progress report to the Board at its next executive session.

3. On the basis of its discussion, the Board agreed to request the Secretary-General to ensure that, in its review, the secretariat task force should take into account the following factors:

- (a) The need to develop a coherent communication and information policy and to improve marketing and distribution;
- (b) The need to make the best possible use of modern communication technology, such as expanded use of electronic dissemination, expanding UNCTAD's presence on the Internet, and using Internet for inter-expert consultation and the review of documentation, as well as for communication with Geneva-based missions. At the same time, the situation of those developing countries that do not yet have access to this technology needs to be taken care of;
- (c) The need to develop suitable criteria for measuring feedback, including the regular checking of mailing lists, reader response, sales figures and a systematic review of media coverage;
- (d) The ongoing need for detailed data on work months, print runs, printing costs, place of printing, and distributed copies, both free of charge and sold, for all recurrent publications; information for

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<sup>14/</sup> Initially circulated in TD/B/43/SC.2/L.3, section B.



1996 will be made available at the resumed twenty-eighth session of the Working Party on the Medium-term Plan and the Programme Budget, and detailed estimates for subsequent years will be made available to the Working Party at the first meeting of its twenty-ninth session and in the progress report mentioned in paragraph 2 above;

- (e) In the interest of making the best possible use of resources, the feasibility of printing and translating externally, including in developing countries, whenever it is economically viable;
- (f) The availability and the need for timely distribution of documents in all the United Nations official languages, as well as the quality of translations, taking into account that availability of publications in these languages is a very important factor in maximizing dissemination and impact.

881st plenary meeting  
18 October 1996

Summary by the Chairman of Sessional Committee II  
on the review of UNCTAD's publication policy <sup>15/</sup>

1. Sessional Committee II had an extensive discussion on UNCTAD's publication policy on the basis of the secretariat document "Review of UNCTAD's publication policy" (TD/B/43/CRP.4). It was noted that the discussion was taking place in the context of three parallel processes affecting UNCTAD:

- (a) The review of publications agreed on at UNCTAD IX and currently being carried out by the Trade and Development Board;
- (b) The ongoing review by the General Assembly of the UN-wide publications policy;
- (c) The review by the task force set up by the Secretary-General of UNCTAD as part of the efficiency review being conducted throughout the United Nations. <sup>16/</sup>

2. There was general agreement that the review should be considered in the broader context of improving UNCTAD's overall communication and information policy. Delegations held the view that the Secretary-General's initiative in setting up a task force on publications as part of the efficiency review should provide a useful basis for the finalization of this process. They recognized the generally high quality of UNCTAD publications.

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<sup>15/</sup> Originally circulated in TD/B/43/SC.2/L.3, section A.

<sup>16/</sup> Terms of reference are contained in "UN 21 - Progress Report of the Efficiency Board to the Secretary-General" (UN Publication, Sales No. E.96.I.28).

3. Proposals raised in the Committee by individual delegations or spokespersons for different groupings included, *inter alia*, steps to increase the sales portion of distribution, taking into account the sales price and cost of specific publications in relation to that of similar publications; cooperation with other international organizations in the gathering of statistics; the feasibility of using environment-friendly raw materials and production processes based on a cost-benefit analysis; the elimination of content overlapping through streamlining of UNCTAD publications.

4. Some delegations held the view that greater efforts needed to be made by the Board in prioritizing and rationalizing UNCTAD's publication programme. They suggested that the secretariat should play a pro-active role in a priority-setting exercise. However, other delegations felt that the priorities should be set by member States in the various intergovernmental bodies responsible for the substance dealt with in the relevant publications and that, furthermore, prioritization in publications may not be necessary or practical.

Item 10 (b):            Issue of coordination and cooperation between UNCTAD and relevant international organizations

At its 881st (closing) meeting, on 18 October 1996, the Trade and Development Board took note of the oral report of the Chairman of Sessional Committee II on sub-item 10 (b) and decided that the secretariat should circulate immediately the document it had been requested to prepare on this issue for consideration at consultations to be held in the Bureau of the Board. The Secretary-General of UNCTAD was requested to place this item on the agenda of the executive session of the Board.

II. PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL,  
ADMINISTRATIVE AND RELATED MATTERS

A. Opening of the session

1. The forty-third session of the Trade and Development Board was opened on 7 October 1996 by Mr. William Rossier (Switzerland), the out-going President of the Board.

B. Election of officers <sup>17/</sup>

(Agenda item 1 (a))

2. At its 875th (opening) plenary meeting, on 7 October 1996, the Board elected by acclamation Mr. Patrick Sinyinza (Zambia) to act as President of the Board for the duration of its forty-third session.

3. Also at its opening plenary meeting the Board completed the election of officers to serve on the Bureau of the Board throughout its forty-third session by electing 10 Vice-Presidents and the Rapporteur. Accordingly, the elected Bureau was as follows:

<u>President:</u>	Mr. Patrick Sinyinza	(Zambia)
<u>Vice-Presidents:</u>	Mr. Anton Bebler	(Slovenia)
	Mr. Krit Garnjana-Goonchorn	(Thailand)
	Mrs. Arundhati Ghose	(India)
	Mr. Peter R. Jenkins	(United Kingdom)
	Mr. Andrei Kolossovsky	(Russian Federation)
	Mr. Alexander A. Kravetz	(El Salvador)
	Mr. Björn Skogmo	(Norway)
	Mr. Daniel L. Spiegel	(United States of America)
	Mr. Fisseha Yimer Aboye	(Ethiopia)
	Mr. Jun Yokota	(Japan)
<u>Rapporteur:</u>	Mrs. Violeta Fonseca de Sanabria	(Venezuela)

4. In accordance with past practice, the Board agreed that the regional coordinators and China, as well as the Chairmen of the Sessional Committees, would be fully associated with the work of the Bureau.

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<sup>17/</sup> The officers of the Bureau are elected to serve for the year-long period beginning with the forty-third session of the Board.

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

(Agenda item 1 (b))

5. At its opening meeting, the Board adopted the annotated provisional agenda for the session contained in TD/B/43/1 and Add.1. (For the agenda, see annex I below).

6. At the same meeting, in accordance with the organization of work for the session in TD/B/43/1/Add.2, the Board established two sessional committees to consider and report on items on its agenda, as follows:

Sessional Committee I:

Item 4: Programme of Action for the Least Developed Countries for the 1990s:

- (a) Review of implementation of the Programme of Action for the LDCs for the 1990s;
- (b) UNCTAD's contribution to the work of relevant international organizations in the implementation of the Uruguay Round Final Act Decision on Measures in Favour of the Least Developed Countries by assisting the LDCs that are WTO members to take maximum advantage of the special and differential measures provided for in the Uruguay Round Agreements

Item 5: UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s and the role of UNCTAD in the implementation of the United Nations System-wide Special Initiative on Africa

Sessional Committee II:

Item 6: Review of technical cooperation activities of UNCTAD

Item 7: Matters requiring action by the Board in follow-up to the ninth session of the Conference and arising from or related to reports and activities of its subsidiary and other bodies:

- (a) Report of the Secretary-General of UNCTAD on preparations for a meeting with actors in development <sup>18/</sup>
- (b) Improving the participation of developing countries' experts in UNCTAD meetings, including the question of financing their participation

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<sup>18/</sup> In connection with sub-item 7 (a), see also para. 9 below.

Item 10: Other business

- (a) Review of UNCTAD's publication policy
- (b) Issue of coordination and cooperation between UNCTAD and relevant international organizations

Sessional Committee I

7. At its 1st meeting, Sessional Committee I elected the following officers to serve on its Bureau:

Chairman: Mr. Bozorgmehr Ziaran (Islamic Republic of Iran)

Vice-Chairman-cum-Rapporteur: Mr. Rénaud Clérismé (Haiti)

Sessional Committee II

8. At its 1st meeting, Sessional Committee II elected the following officers to serve on its Bureau:

Chairman: Mr. Markus Kummer (Switzerland)

Vice-Chairman-cum-Rapporteur: Mr. Petko Baev (Bulgaria)

9. At the same meeting, Sessional Committee II, acting upon the recommendation made by the Bureau of the Board at its pre-sessional meeting on 4 October 1996, agreed that consideration of agenda item 7 (a) (i.e. Report of the Secretary-General of UNCTAD on preparations for a meeting with actors in development) should be postponed until a later date, in order to allow for adequate preparation of this item by the secretariat. <sup>19/</sup>

10. At its 881st (closing) plenary meeting, on 18 October 1996, the Board took note of the reports of Sessional Committee I (TD/B/43/SC.1/L.1 and Add.1-2) and Sessional Committee II (TD/B/43/SC.2/L.1 and Add.1) and decided to incorporate them in the final report of the Board on its forty-third session.

**D. Adoption of the report on credentials**

(Agenda item 1 (c))

11. At the same meeting, the Board adopted the report of the Bureau on the credentials of representatives attending the forty-third session of the Board (TD/B/43/10).

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<sup>19/</sup> For the Board's action on this recommendation, see section I.F above.

**E. Provisional agenda for the forty-fourth session  
of the Board**

(Agenda item 1 (d))

12. At the same meeting, the Board, acting in the light of the President's consultations with the Secretary-General of UNCTAD on this item, and given that the forty-fourth session of the Board would be held in one year's time, authorized the President of the Board, in consultation with the Secretary-General, to draw up a draft provisional agenda for the forty-fourth session in the course of the year, and to present it to the Bureau. This draft would then be submitted to the next executive session of the Board for approval, in the first quarter of 1997.

**F. Institutional, organizational, administrative  
and related matters**

(Agenda item 9)

*(a) Review of the lists of States annexed to General Assembly  
resolution 1995 (XIX)*

13. At the same meeting, the Board noted that the Secretary-General of UNCTAD had received a communication from Lithuania indicating its wish to be placed in List D and that, after consultations, Lithuania had now been included in List D.

14. Furthermore, the Board noted that, the President of the Board having received a request for adjustment to the Lists by Hungary from List D to List B, consultations were currently in progress on this request, the results of which would be before the Board at a future executive or regular session.

*(b) Designation of intergovernmental bodies for the purposes  
of rule 76 of the rules of procedure of the Board*

15. At its 880th plenary meeting, on 16 October 1996, the Board took note that there were no new applications from intergovernmental organizations. The Board also took note that, following the entry into force of the Grains Trade Convention, the International Wheat Council, which had been granted status by the Board at its second session, had changed its name to the International Grains Council.

*(c) Designation and classification of non-governmental organizations for  
the purposes of rule 77 of the rules of procedure of the Board*

16. Also at its 880th plenary meeting, the Board approved the applications of seven non-governmental organizations for designation under rule 77 of the rules of procedure of the Board and decided, in accordance with the recommendations of the Secretary-General of UNCTAD (TD/B/43/R.1) and of the Bureau, to classify them in accordance with paragraphs 12 (a) and 12 (b) of Board decision 43 (VII) as follows:

General category: World Wide Fund for Nature International (WWF) (TD/B/43/R.1/Add.2); International Council on Social Welfare (ICSW) (TD/B/43/R.1/Add.3); World Vision International (WVI) (TD/B/43/R.1/Add.4); World Trade Centers Association (WTCA) (TD/B/43/R.1/Add.5); Institute for Scientific Cooperation with Developing Countries (ISICODEC) (TD/B/43/R.1/Add.6) and Global Traders Conference (GTC) (TD/B/43/R.1/Add.7).

Special category: European Sea Ports Organisation (ESPO) (TD/B/43/R.1/Add.1) so that it may participate in the work of the Commission on Enterprise, Business Facilitation and Development.

17. The Board was informed that the above documents had been derestricted.

18. The Board also took note that, following consultation with the member State concerned (Belgium), the Secretary-General of UNCTAD had included the National Centre for Overseas Development (NCOS) in the Register of national non-governmental organizations provided for under Board decision 43 (VII), sections III and IV. Background information on the organization was before the Board in TD/B/43/L.1.

19. The Board further took note that, in order to bring the classification of non-governmental organizations in the special category into line with the new intergovernmental machinery of UNCTAD, the Secretary-General of UNCTAD would carry out consultations with the organizations concerned to ascertain their wishes regarding their future association with UNCTAD, including their participation in the work of the new Commissions, and would report to the Board at an executive session.

20. The Board also noted that the Economic and Social Council, at its most recent session, had adopted resolution 1996/31 entitled "Consultative relationship between the United Nations and non-governmental organizations", which updated the arrangements on consultative relations with non-governmental organizations set out in Economic and Social Council resolution 1296 (XLIV) of 23 May 1968. In view of this, the Board further noted that the UNCTAD secretariat would review the arrangements for the participation of non-governmental organizations in the activities of UNCTAD, as contained in Board decision 43 (VII) of 20 September 1968, and would report to the Board at an executive session.

21. At the same meeting, the Board took note that the following non-governmental organizations had changed their names:

- (a) The Coordination Committee for the Textile Industries in the European Economic Community (COMITEXTIL), which had been granted status in the special category by the Board at the first part of its twelfth session, was now the European Apparel and Textile Organisation (EURATEX), incorporating the European Largest Textile and Apparel Companies (ELTAC) and the European Clothing Association (ECLA).
- (b) The Miners' International Federation (MIF), which had been granted status in the special category by the Board at its thirteenth session, had merged with the International Federation of Chemical,

Energy and General Workers' Unions (ICEF) and was now the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM).

- (c) The European Association for the Trade in Jute Projects (EATJP), which had been granted status in the special category by the Board at the first part of its tenth session, was now the European Association for the Trade in Jute and Related Products (EAJP).
- (d) The Association of West European Shipbuilders, which had been granted status in the special category at the first part of the thirty-fourth session of the Board, had changed its name to Association of European Shipbuilders and Shiprepairers, retaining the acronym AWES.

*(d) Review of the calendar of meetings*

22. At its 881st (closing) meeting, on 18 October 1996, the Board approved the calendar of meetings for the remainder of 1996 and took note, for planning purposes, of the draft indicative calendar of meetings for 1997, as contained in TD/B/43/CRP.2. It authorized the Bureau to make any necessary adjustments in the light of developments.

*(e) Administrative and financial implications  
of the actions of the Board*

23. At the same meeting, the Board noted that there were no financial implications stemming from any decision taken at the forty-third session of the Board.

**G. Adoption of the report of the Board on its forty-third session**

(Agenda item 11)

24. Also at its closing meeting, the Board adopted the draft report on its forty-third session (TD/B/43/L.2 and Add.1-3), subject to any amendments that delegations might wish to make to the summary of their statements. In accordance with established practice, the Board authorized the Rapporteur to complete the final report as appropriate and, under the authority of the President, to prepare the report of the Trade and Development Board to the United Nations General Assembly.



**ANNEXES**

**Annex I**

**AGENDA FOR THE FORTY-THIRD SESSION**

1. Procedural matters:
  - (a) Election of officers
  - (b) Adoption of the agenda and organization of the work of the session
  - (c) Adoption of the report on credentials
  - (d) Provisional agenda for the forty-fourth session of the Board
2. Segment for high-level participation; substantive policy item: Foreign direct investment and development in a globalizing world economy
3. Interdependence and global economic issues from a trade and development perspective: Rethinking development strategies; some lessons from East Asian development experience
4. Programme of Action for the Least Developed Countries for the 1990s:
  - (a) Review of implementation of the Programme of Action for the LDCs for the 1990s;
  - (b) UNCTAD's contribution to the work of relevant international organizations in the implementation of the Uruguay Round Final Act Decision on Measures in Favour of the Least Developed Countries by assisting the LDCs that are WTO members to take maximum advantage of the special and differential measures provided for in the Uruguay Round Agreements
5. UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s and the role of UNCTAD in the implementation of the United Nations System-wide Special Initiative on Africa
6. Review of technical cooperation activities of UNCTAD
7. Matters requiring action by the Board in follow-up to the ninth session of the Conference and arising from or related to reports and activities of its subsidiary and other bodies:
  - (a) Report of the Secretary-General of UNCTAD on preparations for a meeting with actors in development;
  - (b) Improving the participation of developing countries' experts in UNCTAD meetings, including the question of financing their participation

8. Other matters in the field of trade and development:
  - (a) Progressive development of the law of international trade: twenty-ninth annual report of the United Nations Commission on International Trade Law;
  - (b) Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its twenty-ninth session
9. Institutional, organizational, administrative and related matters:
  - (a) Review of the lists of States annexed to General Assembly resolution 1995(XIX);
  - (b) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;
  - (c) Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board;
  - (d) Review of the calendar of meetings;
  - (e) Administrative and financial implications of the actions of the Board
10. Other business
11. Adoption of the report of the Board on its forty-third session.

Annex II

**MEMBERSHIP AND ATTENDANCE\***

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

Afghanistan	Honduras
Algeria	Hungary
Angola	Iceland
Argentina	India
Australia	Indonesia
Austria	Iran (Islamic Republic of)
Bahrain	Iraq
Bangladesh	Ireland
Belarus	Israel
Belgium	Italy
Bhutan	Jamaica
Bolivia	Japan
Brazil	Jordan
Bulgaria	Kenya
Cameroon	Lebanon
Canada	Libyan Arab Jamahiriya
Chile	Lithuania
China	Luxembourg
Colombia	Madagascar
Congo	Malaysia
Costa Rica	Malta
Croatia	Mauritius
Cuba	Mexico
Cyprus	Mongolia
Czech Republic	Morocco
Democratic People's Republic of Korea	Myanmar
Denmark	Nepal
Dominica	Netherlands
Ecuador	Nicaragua
Egypt	Nigeria
El Salvador	Norway
Ethiopia	Oman
Finland	Pakistan
France	Panama
Germany	Paraguay
Ghana	Peru
Greece	Philippines
Guatemala	Poland
Haiti	Portugal
	Qatar

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\*/ For the list of participants, see TD/B/43/INF.2.

Republic of Korea	The Former Yugoslav
Romania	Republic of Macedonia
Russian Federation	Trinidad and Tobago
Saudi Arabia	Tunisia
Senegal	Turkey
Sierra Leone	Uganda
Singapore	Ukraine
Slovakia	United Kingdom of Great
Slovenia	Britain and Northern Ireland
South Africa	United Republic of Tanzania
Spain	United States of America
Sri Lanka	Uruguay
Sudan	Venezuela
Sweden	Viet Nam
Switzerland	Yemen
Syrian Arab Republic	Zambia
Thailand	Zimbabwe

2. The following members of UNCTAD, not members of the Board, were represented as observers at the session:

Estonia  
Kazakhstan  
Holy See

3. The United Nations Economic Commission for Europe was represented at the session. The International Trade Centre UNCTAD/WTO was also represented at the session.

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

International Labour Organisation  
Food and Agriculture Organization of the United Nations  
United Nations Educational, Scientific and Cultural Organization  
International Monetary Fund  
International Telecommunications Union  
United Nations Industrial Development Organization  
World Trade Organization

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

Agency for Cultural and Technical Co-operation  
Arab Labour Organization  
Arab Maghreb Union  
Caribbean Community  
Common Fund for Commodities  
European Community  
European Free Trade Association  
Organisation for Economic Co-operation and Development  
Organization of African Unity

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

General Category

Friends World Committee for Consultation (Quakers)  
International Bar Association  
International Chamber of Commerce  
International Confederation of Free Trade Unions  
International Council of Environmental Law  
Third World Network  
World Association of Small and Medium Enterprises  
World Federation of United Nations Associations

Special Category

Airlines' Worldwide Telecommunications and Information Services  
Consumers International

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