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

held at the Palais des Nations, Geneva,
from 7 to 18 October 2002

Volume II

Summary of proceedings

Preface

This volume (volume II) of the report of the Trade and Development Board on its forty-ninth session contains the summaries of statements made during the session.

All other matters relating to the forty-ninth session of the Board are to be found in volume I of the report, entitled Report to the United Nations General Assembly*. These include action taken by the Board, as well as procedural and institutional matters.

* See TD/B/49/15 (Vol. I).

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Chapter I

OPENING STATEMENTS

1. The **President** said that the contribution made by UNCTAD to consensus building was widely recognized. Group D acknowledged the importance of UNCTAD, and hoped that the concerns of countries with economies in transition would receive increasing attention. With regard to the work of the session, under agenda item 3 on interdependence, key issues would include market access, the impact on development prospects of the emergence of international production networks for products such as clothing, telecommunications and audiovisual goods, and the impact of unfavourable price movements for the exports of labour-intensive manufactures on the contribution of trade to development prospects. With regard to item 4 on LDCs, he noted that building effective and sustained capacity in LDCs was complex and required a long-term perspective. On the question of LDC status, the intention would be to raise policy issues related to the question of effective benefits derived from LDC status with a view to identifying ways and means of better targeting benefits and to improving their use by LDCs. Concerning item 5 on Africa, a major concern raised in the secretariat's report was that, while the current approach rightly emphasized the central role of rapid and sustained growth in poverty alleviation, it continued to endorse the very stabilization policies and structural reforms that had barely succeeded in bringing about growth and reducing poverty in Africa over the past two decades. Increasing the probability of success of the strategy to reduce poverty in Africa called for a reconsideration of the respective responsibilities of national authorities and the international community. With regard to item 7(b) on technical assistance to the Palestinian people, the ongoing crisis in the region had not only eroded the benefits reaped from development efforts over the last decade, it had also effectively set the economy on a path of de-development. The depletion of the economy's coping strategies threatened to produce long-term dependencies and increased vulnerability, hence the urgent need for renewed development efforts to strengthen the economy's resilience, while setting it on the path of sustained recovery. Finally, concerning the post-Doha programme, questions that could be considered would be whether a development-friendly outcome was guaranteed and how successful the Doha work programme would be in reorienting the WTO system towards development.

2. The **Secretary-General of UNCTAD** said that the current international situation contained two particular dangers. One was the risk that development problems might once again take a secondary place in international considerations as political and strategic issues came to the forefront. The second was that, because of the concentration on security matters, attention might be wholly distracted from the process of providing developing countries and countries in transition with the conditions they needed for their development.

3. The so-called post-cold-war period had now come to an end. Having started with the crumbling of the Berlin Wall, it had seen the demolition of physical or legal barriers among countries or among people, including *apartheid*, the wall between the two Germanies, and the walls that had prevented countries in the former Soviet Union achieving their independence. There had also been a promise of the demolition of barriers in trade, finance, investment and

technology. The new period seemed to be ushering in a new kind of cold war, but in contrast with the former period, actual war was no longer improbable; on the contrary, it was becoming a growing likelihood. This meant that yesterday's subjects were losing their importance, practically by the day. For example, globalization was not going to go away, but the debate about globalization was fast losing its importance for the simple reason that political considerations were again reasserting their primacy over the economic sphere. A war against Iraq would certainly impact on the world economy, but this was not regarded as the central issue in the debate, because other considerations closely related to security and political matters were receiving more attention.

4. The best image of the new phase of history now starting was not the image of aeroplanes hitting the World Trade Centre, but the building of new walls - physical walls designed to prevent the infiltration of terrorists; legal and political walls against immigrants or economic refugees; trade and economic barriers against specific products, particularly sensitive agriculture products from developing countries; walls against anti-globalization demonstrators, as seen every time there was a major conference; and all kinds of walls to protect public buildings. In many cases, walls might be necessary, but they were usually the expression of a failure to solve problems. Of course, real threats had to be taken seriously, but the problem went far beyond terrorism, which was the expression of something much larger, namely insecurity. The roots of today's insecurity were multiple, and the solidarity required to face up to it must be indivisible if it was to exist at all. Indivisible solidarity was essential in the face of such problems as global warming or AIDS but also in the struggle against extreme poverty, desperation, and frustration.

5. One comforting fact was that, in international trade, it had been possible so far to preserve multilateral structures, and it would be important to ensure that the multilateral approach concentrated on demolishing barriers and not erecting new ones. Another important idea was that the economy should not be seen as indifferent to moral and ethical values. One of the excesses of the period of illusion about globalization had been precisely the idea that the economy was like astronomy or physics, i.e. completely neutral in terms of moral or ethical values. However, corruption was there to disprove that, and it affected not only Governments, but also markets. Both Governments and markets required a moral basis for their proper functioning. Markets could not operate when they were dominated by opportunist inside traders and players, Governments could not operate as they should when dominated by the behaviour of the corrupt and greedy, and development itself was impossible unless both markets and Governments functioned properly, in partnership. Many aspects of the so-called failure of development during the last fifty years could be readily explained if that precept was borne in mind.

6. The representative of **Egypt**, speaking on behalf of the **Group of 77 and China**, said the negative consequences of the uncertainty prevailing in the world at the time of the Board's forty-eighth session remained. While most of these consequences were features of the developed world, they affected the developing world in equal measure. In addition, globalization, which was closely linked to the evolving international trading system, had had a number of adverse consequences.

7. Economists had forecast that the slowdown in the world economy could be reversed sooner than expected. This process would be initiated in the developed world, which had a wide range of tools at its disposal, unlike the countries of the developing world. In the latter, the difficulties created by economic crises were more severe, and manifested themselves at the social and human levels as well. The fragility of structures in those countries did not allow economic adjustment measures to interact easily, particularly because of the absence or weakness of any meaningful monetary or fiscal policies to provide safety nets for the population. Nevertheless, most of the international focus was on the developed countries and synergies between their various sectors. The role of UNCTAD was therefore crucial, for it adopted a developmental perspective in dealing with changes in the world economy. It performed an important task in this respect through its analytical work and technical assistance programmes. The Group of 77 and China extended their full support to UNCTAD, and invited member States to continue working together to strengthen the organization.

8. The representative of **Denmark**, speaking on behalf of the **European Union (EU) and the countries seeking accession to the European Union (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, as well as Cyprus, Malta and Turkey)**, expressed his appreciation for the secretariat's work in the past year, during which the Mid-Term Review had been held. UNCTAD XI should establish clear priorities for UNCTAD's work and contribute to a more coherent and focused work programme.

9. It was appropriate that the high-level segment was focusing on the Doha Development Agenda, since the EU had advocated that UNCTAD give priority to the follow-up to the Doha Declaration. Discussions should be oriented towards support for developing countries in achieving the objectives of the Development Agenda. With regard to the item on interdependence, there was a need to discuss how trade could be of greater benefit to all and how it could make a greater contribution to poverty reduction. Since the poorest countries had been affected most by the slowdown in the world economy, the session should examine UNCTAD's contribution to LDCs' development through capacity-building and the provision of policy advice. The EU was looking forward to the discussions on Africa and the review of technical assistance. With regard to the former, the New Partnership for the Development of Africa was a promising initiative that exemplified African leaders' determination to take responsibility for the development of their countries.

10. The representative of the **United Kingdom** said that his country was about to make a number of extrabudgetary contributions for UNCTAD's work on investment. They would include £387,000 over 18 months to provide capacity-building technical assistance for developing countries in the context of paragraph 21 of the Doha Ministerial Declaration, as well as support for the preparation of the 2003 World Investment Report and for the participation of developing country experts in the two expert meetings on investment in 2002.

11. The representative of **Finland** said that the promise of expert meetings had not yet been fulfilled. His country supported efforts to ensure long-term financing for the meetings, and it would be making a contribution of 100,000 euros to finance the participation of experts from LDCs.

12. The representative of **Indonesia**, speaking on behalf of the **Asian Group and China**, said that, as emphasized by the Secretary-General of UNCTAD, the main problem for the developing countries and the LDCs was not so much globalization and liberalization as those countries' lack of the necessary capacity to adjust to their pace. At the same time they were confronted with a wide range of unfavourable international trade practices, while the provisions contained in the WTO agreements did not take into account the developing countries' varying capacities and stages of development. The other major obstacle was the lack of political will and commitment on the part of the developed countries to allow special and differential treatment provisions to become effective.

13. Since developing countries had to participate effectively in the world economy, the main challenge was to improve their capacity for participation. Although most of the responsibility for doing so lay with the developing countries themselves, it was difficult if not impossible for them to take their place on the world stage owing to the imbalances and asymmetries in the global trading and financial system and the absence of an enabling international environment. Consequently, it was crucial to ensure that current economic arrangements were mutually reinforcing in order to support equitable, rapid and sustainable growth and development. Likewise, reform of multilateral arrangements and global policies would be required in order to give developing countries more flexibility in responding to the changes and challenges brought about by increasingly rapid globalization. In addition, there was a need for measures to achieve greater coherence and coordination of global economic policy making, as well as increased participation by developing countries in international institutional arrangements.

14. Lastly, the world needed a more balanced trade system, with more equitable international trade rules. The post-Doha work programme should therefore be directed towards removing the imbalances in the international trade system, as well as the full implementation of its development dimensions. In this context, the role of UNCTAD in helping developing countries was becoming more critical as the challenges facing them became more complex and daunting.

15. The representative of **South Africa**, speaking on behalf of the **African Group**, said that Africa was still the most marginalized of all continents, and the time had come to take action to remedy the dire situation of its peoples. Recent UNCTAD analyses indicated that conventional approaches to economic liberalization and poverty reduction had not worked in most African countries, and there was therefore a need to further refine development policies and strategies.

16. A bold new initiative had been taken – the New Partnership for Africa's Development (NEPAD) – which was based on what Africa considered to be the necessary conditions to free the continent from poverty and underdevelopment. The positive response from the international community would go a long way to ensuring that NEPAD's objectives were attained.

17. There was great uncertainty with regard to the world economy. The prospects for a global economic recovery continued to be dominated by the performance of the United States, the euro zone countries and Japan, all of which had consistently revised their growth

forecasts downwards. There were growing concerns about the volatility of exchange rates, plummeting share prices and unstable oil prices. It was becoming increasingly clear that an even distribution of demand and harmonized macroeconomic policies among the major economies held out better prospects for a sustained recovery of the global economy.

18. Continuing protectionist trends in the United States and Europe had impacted negatively on the optimism that had emerged from the Doha Ministerial Meeting. More seriously, the promotion of agricultural projects in the South, with no concomitant policy reforms in the North, had led to a very sharp fall in commodity prices, leaving at least 25 million farmers in more than 50 countries with the barest minimum on which to survive. The unstable international financial system and the lack of orderly procedures for international debt continued to undermine efforts to intervene in crisis situations.

19. An international consensus was emerging with regard to ways of tackling poverty. Poverty reduction was increasingly forming the basis on which African Governments and their development partners were designing their programmes. As had become clear at the World Summit on Sustainable Development, poverty reduction was not simply related to fiscal planning but involved a wider set of imperatives – social, economic and environmental. The Monterrey International Conference on Financing for Development showed that development assistance needed to be accompanied by policy reforms by the rich nations in favour of the poor ones. Furthermore, international agencies and financial institutions must work together more closely to avoid conflicting policy recommendations and prescriptions for those in need of their help, and the donor community should harmonize its policies, practices and procedures. In this context, Policy Reduction Strategy Papers, while being important tools, were administratively burdensome in their formulation and implementation, and could therefore be linked to, *inter alia*, national budgetary processes and other mechanisms of external finance.

20. The African Group was pleased with the work carried out by UNCTAD's Office of the Special Coordinator for LDCs. The newly established Office of the High Representative in New York should complement UNCTAD's activities on behalf of the LDCs. The Group hoped that paragraph 3 of United Nations General Assembly resolution 56/277, calling on the UN Secretary-General to enhance UNCTAD's operational activities, would be implemented as soon as possible.

21. The representative of **Benin**, speaking on behalf of the **least developed countries**, noted that the world economy was characterized by a number of disparities and that the developing countries, particularly the least developed countries, were subject to various restrictions and limitations. Analyses had shown that there was a significant link between trade, development and poverty reduction. The work programme adopted at the Doha Ministerial Meeting had defined the strategic framework for concrete action which, if carried out, would enable the developing countries, and particularly the least developed countries, to respond to the challenges facing them.

22. If the liberalization of global trade, which was the cornerstone of current negotiations, were achieved, the resulting expansion of the world economy would generate \$2,500 billion and free some 320 million people from extreme poverty over the next 13 years, in accordance

with the objective set by the Millennium Declaration. However, at the present time world trade was still seriously distorted by various negative factors, including high tariffs, an increasing number of technical barriers to trade and export subsidies.

23. To ensure developing countries' effective integration into international trade, the rules and principles to be formulated in the current negotiations would have to take into account the specific situation of those countries, with attention being given to special and differential treatment for them because of their structural weaknesses and constraints. Consequently, emphasis should be placed on the need to provide the developing countries with technical assistance for enhancing resources and capacity building, which were indispensable for competitiveness in world markets. The relevant projects and programmes, such the Integrated Framework and the Joint Integrated Technical Assistance Programme, should therefore be provided with sufficient resources to ensure their orderly implementation, strengthening and extension to other countries.

24. In conclusion, he said that the developing countries in the process of accession to the World Trade Organization required technical support to cope with the rules, disciplines and procedures involved in that process, which imposed many burdens on them and necessitated the mobilization of both human and financial resources. In that connection, the "accelerated procedure" for acceding countries should be followed.

25. The representative of the **Russian Federation** said that it was important to provide countries with economies in transition and developing countries with support in multilateral trade negotiations in WTO. UNCTAD had a comparative advantage in a number of issues relating to the negotiations, and through its analysis, consensus-building and technical cooperation, it should contribute to the preparatory process for those negotiations. The capacity building and technical cooperation plan developed by UNCTAD in connection with the Doha work programme was a step forward, but given the resource constraints, priorities would have to be set. All UNCTAD activities should be based on the principle of universality, meaning that the specific interests of each country or group of countries should be given due attention. UNCTAD's technical cooperation was effective and had a real impact, and it was important that such cooperation be extended to countries acceding to WTO. Finally, globalization should logically produce a general rise in living standards throughout the world. UNCTAD's analyses of globalization and its forecasts of the consequences for developing countries and countries in transition were greatly appreciated, and it was hoped that the analytical potential of the organization would be used not only to analyse but also to develop concrete recommendations for the Governments of developing countries and countries with economies in transition with regard to overcoming the possible negative effects of globalization.

26. The representative of **Bangladesh** observed that globalization seemed to have different meanings for different groups. For multilateral development and financial institutions, it was the key to the future, whereas those adversely affected by it had other views. Everyone knew the opportunities it offered, but they had to be shared equitably. UNCTAD was able to provide insights that could be of assistance to developing countries in this process.

27. The developing countries were constantly being reminded of the gains that could accrue from free trade. However, there appeared to be no explanation for the tariff and non-tariff barriers confronting developing countries' exports to the industrialized world. Furthermore, it was not possible for developing countries to compete in agricultural markets when some developed countries provided their farmers with subsidies totalling over a billion dollars a day. However, the removal of existing trade barriers could provide developing countries with \$1.5 trillion over a decade, which would lift an additional 300 million people out of poverty by 2015. UNCTAD should play a leading role in drawing attention to the inequities in the multilateral trading system and suggesting remedial measures.

28. It must be asked whether the underdeveloped capital markets of developing countries could withstand the shocks transmitted through a freely operating global financial network. Since not many developing countries could deal with these by insulating their currency, the best solution might be to put in place appropriate controls or an effective regulatory framework.

29. With regard to development efforts, he urged the LDCs' development partners to further strengthen the LDC Trust Fund so that UNCTAD could offer targeted capacity-building programmes. As the *Least Developed Countries Report 2002* had emphasized, rapid poverty reduction in LDCs was largely dependent on a supportive international environment.

30. In conclusion, he noted that many who had once advocated the unregulated operation of the market now emphasized the need for institutions to facilitate the effective functioning of market forces. It was now recognized that development was also dependent on international arrangements and policies in the areas of trade, finance, debt, investment and technology. As mandated by the Bangkok Plan of Action, and reiterated during the Mid-term Review, UNCTAD should continue to undertake research and policy analysis in those areas.

31. The representative of the **United States of America** said that recent summits had changed the dialogue on development, with more emphasis now being given to national enabling conditions and the mobilization of private resources. His Government's establishment of the Millennium Challenge Account reflected its commitment to helping countries that were themselves committed to good governance, investment in people and promotion of economic freedom. Some items on the Board's agenda might overlap with efforts in other fora, and in that connection UNCTAD should support the efforts of the Secretary-General of the UN in reviewing activities to identify any that had lost their relevance. His Government attached particular importance to trade-related capacity building, since trade was a key aspect of poverty reduction. A number of initiatives designed to liberalize global trade in agriculture and services and to improve market access for developing countries were on the table, and UNCTAD had an important role to play in that connection, but it must reject efforts by anti-free-trade skeptics to thwart trade liberalization. Reducing and then eliminating barriers to agricultural trade would have a great impact on economic growth in all countries. For Africa, trade liberalization and integration into the world economy were key to sustained economic growth. Efforts should focus on fostering partnerships for growth, and as African countries consolidated democracy and sound economic management, the industrialized countries would respond with support in respect of

peace and security, capacity building, trade, FDI and more effective ODA. With regard to UNCTAD, his delegation welcomed the efforts being made with regard to absorptive capacity and internal evaluation of technical cooperation, but felt that still more was needed to ensure rapid filling of vacancies.

32. The representative of **Switzerland** said that, with regard to the high-level segment on the post-Doha process, the developing countries needed technical assistance for the negotiations, but they also needed assistance for capacity building. The Integrated Framework and JITAP could contribute in that connection, in particular with their emphasis on inter-agency cooperation. The *Trade and Development Report 2002* presented a rather pessimistic picture of the world economic situation and the fragility of some developing countries, but the increase in the exports of developing countries as a whole and the increasing share of manufactures in those exports were in fact encouraging. UNCTAD's intensification of its activities in favour of LDCs was welcome, but the analysis of the LDC status might send the wrong signals to LDCs. The Board should be provided with further information on the relationship between UNCTAD and the Office of the High Representative in New York.

33. On Africa, the secretariat was critical of the Poverty Reduction Strategy Papers, and it was true that some problems had arisen in that connection, but appropriate measures were being taken on ownership, follow-up and costs, and the process was going in the right direction. With regard to technical cooperation, his delegation welcomed the Working Party's recommendation on the incorporation of strategic goals in the annual technical assistance reports, as well as on indicators of achievement.

34. The representative of **Japan** said that his country attached particular importance to the Declaration adopted by the Fourth WTO Ministerial Conference, which dealt with matters of special concern to developing countries. Japan continued to try to help developing countries on various issues in that connection, including implementation issues, improvement of market access for LDC products, and trade-related technical cooperation.

35. The representative of **Norway** said that UNCTAD had a crucial role to play, not only in matters connected with the Doha Ministerial Declaration but also in the follow-up to the World Summit on Sustainable Development, the International Conference on Financing for Development, and other events. UNCTAD was not replaceable; it was the only institution in the United Nations system mandated to review overall trade issues in a development context. Of course, as with the rest of the UN system, its efficiency and effectiveness could be enhanced, but that did not reduce its relevance.

36. The representative of **Mozambique** thanked the Board for welcoming his country to the membership.

Chapter II

INTERDEPENDENCE AND GLOBAL ECONOMIC ISSUES FROM A TRADE AND DEVELOPMENT PERSPECTIVE: DEVELOPING COUNTRIES IN WORLD TRADE

(Agenda item 3)

37. For its consideration of this item, the Board had before it the following documentation:

“Trade and Development Report 2002” and “Overview” (UNCTAD/TDR/2002).

38. The **Director of the Division on Globalization and Development Strategies** said that the assessment given in the *Trade and Development Report 2002*, published in April, had been seen by some as “gloomy if not negative”, but it now looked quite optimistic in view of subsequent developments. In the recent meetings of the Bretton Woods institutions, the cautious optimism that had pervaded the Spring meetings had been replaced by sombre realism. Current projections were for GDP growth in the industrialized world of around one and two per cent for 2002 and 2003 respectively. The UNCTAD secretariat’s prediction in 2001 that recovery in the United States would be slow and erratic, and that Japan and the European Union would not replace the United States as the locomotive of the world economy, had now become common wisdom. Financial excess had been at the origin of current difficulties in many economies, including Japan, the United States and a number of developing countries that had relied excessively on inflows of foreign capital. The reluctance to take seriously the interdependence between finance, trade and development remained a major obstacle to finding a better balance in the multilateral economic system.

39. The economic landscape in the developing world resembled that of the early 1980s. While growth in East Asia had been holding up, the rest of the developing world was again experiencing sluggish growth or outright recession. In sub-Saharan Africa, per capita income was still below the level of 20 years ago, and the chances of sustained poverty reduction depended crucially on a major overhaul of the international policy approach to stabilization and adjustment, debt relief, aid and market access. In most of Latin America, two decades of market-oriented reforms had brought inflation under better control and had helped attract FDI, but export performance had been disappointing and, as in the 1980s, the current downturn had unleashed forces that threatened to set off a new round of debt crises and another lost decade for development. Making the system of multilateral economic rules and institutions more supportive of development remained the overriding challenge in the run-up to UNCTAD XI. The international agenda was changing direction in line with alternative perspectives and proposals that had been presented by UNCTAD over the years, as witnessed by the attention now being given in the IMF to sovereign bankruptcy rules and collective action clauses; the recognition of the concern, in the context of the HIPC Initiative, that debt sustainability analysis was based on unrealistic assumptions about growth and exports and that the process had not resulted in additionality of resources; the support received from the World Bank and the Zedillo Commission for the proposal that ODA to sub-Saharan Africa

had to be doubled if internationally agreed growth and poverty alleviation targets were to be attained; the increased attention given in the Washington institutions to the question of excessive and intrusive conditionality in multilateral lending; and the recognition by all development agencies that solutions to many of the trade issues put forward by UNCTAD were the *sine qua non* of the success of outward-oriented strategies in developing countries. Real progress in development cooperation on aid, debt and trade, as well as improvements in global and national governance and policies, were indeed crucial in determining whether the new millennium would begin with another decade of lost development opportunities or usher in the growth renaissance that must be the cornerstone of broad-based and sustained development.

40. The representative of **Egypt**, speaking on behalf of the **Group of 77 and China**, said that the outlook for the world economy was very uncertain, not least because of the fragility of investor confidence and the decline in equity markets, which had been due in part to problems with corporate governance in industrial countries. The outlook was gloomy for sub-Saharan Africa, where hardly any growth in per capita incomes would be attained, and for Latin America, where even negative GDP growth was likely. Sustained poverty reduction could not be achieved through redistribution of stagnating or even falling per capita incomes; it required faster growth benefiting all countries and all parts of their societies. The ability of developing countries to benefit from increasing global interdependence also depended on the multilateral trading system. Increased trade and FDI had the potential to boost economic growth in developing countries, but at present, due to the distortions in the international economic order, this potential was not being realized. Export-oriented development strategies had led to a rise in the developing countries' share of world trade in manufactures, but in many cases trade liberalization had also led to an increase in the import content of consumption, production and of manufacturing exports. Trade should not be considered an end in itself, and successful participation in international trade was not equivalent to faster income growth. The terms-of-trade movement against Southern manufactures, as evidenced in this year's *TDR*, was a reason for serious concern, especially as a growing number of developing countries with large reserves of unskilled labour were adopting export-oriented strategies. The *TDR 2002* raised awareness among developing country policy makers of the need for measures to ensure that increasing trade with manufactures was translated into domestic income growth and poverty reduction. Trade and financial liberalization and efforts to attract FDI had to be carried out in a well-sequenced manner and be imbedded in a comprehensive development strategy.

41. Market protection in advanced economies played a significant role in perpetuating poverty in the developing world. It was therefore essential to enlarge market access for developing countries, phase out trade-distorting subsidies, and tighten the rules for the use of trade remedy procedures, such as antidumping and countervailing measures, and of standards and regulations that impeded exports from developing countries. While agricultural subsidies in the OECD amounted to over six times the level of total ODA, the net transfer of resources to the poorest countries had been negative in recent years. In order for the Millennium Development Goals to be attained, the industrial countries should urgently consider increasing their level of ODA from the current average of 0.22 per cent of GNP to 0.7 per cent of GNP. Implementation of the HIPC Initiative had progressed but at a disappointingly

slow pace. There was a need for more realistic projections of export growth and debt sustainability of the HIPCs. Moreover, a number of non-HIPC debtor countries should also be considered for comprehensive official debt relief. An effective and wide-ranging reform of the international financial architecture remained imperative for the restoration of growth and the attainment of the Millennium Goals in developing countries. The recent new incidence of financial crisis in emerging-market economies had again pointed to the need for better tools for crisis prevention and resolution. There had recently been some welcome progress at the IMF towards the introduction of better mechanisms for dealing with unsustainable sovereign debt, an issue that had been raised repeatedly by the UNCTAD secretariat. The close linkages of trade and finance and the global character of the causes and implications of the current crisis required coherent approaches by the international community to revive world output growth in the short term and to attain the Millennium Development Goals, including the reduction of poverty by one half, in the longer term. The international community now had to take urgent action to convert the good intentions of recent international conference declarations into concrete action.

42. The representative of **Denmark**, speaking on behalf of the **European Union and the countries seeking accession to the European Union (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, as well as Cyprus, Malta and Turkey)**, said that the share of developing countries in world merchandise exports had increased from less than one fourth to almost one third between 1970 and 1999. There had also been a shift in the composition of their exports from primary commodities to manufactures. The latter now accounted for 70 per cent of all developing countries' exports, while the share of the former had fallen from 20 per cent to 10 per cent. Trade could foster growth to help reduce poverty; according to World Bank estimates, trade liberalization could lift 320 million people out of poverty by 2015.

43. Developing countries now accounted for 42 per cent of total EU imports, and their trade balance with the EU had moved into surplus in 1999. However, exports by developing countries were still concentrated on a limited range of products derived from the exploitation of natural resources or the use of unskilled labour. These products had a low domestic value-added content. Moreover, the share of the 49 least developed countries had fallen from 3 per cent in the 1950s to 0.5 per cent in the early 1980s and over the last two decades. This could be explained by a combination of domestic factors, such as inappropriate policies, weak productive capacities, low levels of education and high levels of corruption, and international factors, such as worsening terms of trade, high price volatility in world markets, and high trade barriers for agricultural and labour-intensive goods. Moreover, increased competition to attract FDI had put small countries in a weaker bargaining position.

44. The studies on the impact of increased developing country participation in international trade and investment had shown that countries with a higher participation tended to achieve faster growth, and that in order for trade to have a sustained positive impact on poverty, it must be part of a wider country-owned strategy. The Poverty Reduction Strategy Papers, which embodied such a concept, were the most effective tool for poverty reduction. An effective strategy for poverty reduction had to include, *inter alia*, sound macroeconomic policies, improved delivery of education and health services, appropriate social safety nets

and respect for core labour standards. It also had to address the need for improved infrastructure; access to markets, particularly for populations in rural areas; the effective enforcement of a regulatory framework to guarantee the proper functioning of markets and to prevent corruption; and appropriate environmental legislation. In order for domestic strategies to be successful, there was a need for external financial support focused on reform, capacity building and infrastructure. The Bretton Woods institutions played a key role in this regard. It was important that priorities defined in the national development strategies of recipient countries be taken into account in their lending policies.

45. The EU was ready to deliver on its commitments to trade capacity building spelled out in Doha and Monterrey, as well as to improving market access conditions in the context of the Doha Development Agenda. The direction had been set with the EU's GSP scheme and the Everything-but-arms Initiative, but the concessions offered through these initiatives had not always been fully exploited, indicating the need to address supply-side constraints. In line with the commitments made at the World Summit on Sustainable Development, the EU and its member States were ready to assist in strengthening the capacity of vulnerable countries to benefit from trade opportunities.

46. Regional integration among developing countries could lead to increased trade volumes and investment. The EU/ACP Partnership Agreements were designed to enhance integration policies, poverty reduction and sustained development. However, the positive effects of integration could only be realized within the context of a conducive overall policy framework, good governance and real security.

47. The representative of **Indonesia**, speaking on behalf of the **Asian Group and China** said that the economic outlook in Asia was better than for other parts of the developing world, but given their strong outward orientation, the growth prospects of most Asian countries depended on a revival of the world economy. With the unfavourable expectations generated by macroeconomic developments and policies in the developed countries, the near-term prospects for all developing countries and for progress in the fight against poverty were not encouraging. It would not be possible to attain the ambitious goals of the Millennium Declaration should the present international economic scenario persist. To attain these goals, significant structural changes in the world economy, in both trade and finance, were also needed. This had been recognized at the Conferences in Monterrey, Doha and Johannesburg.

48. In many countries the benefits reaped from their greater participation in international trade had fallen short of expectations. In the new round of multilateral trade negotiations, the remaining biases in the multilateral trading system had to be corrected to assure more equitable outcomes. All trade issues of particular interest to developing countries had to be addressed in a cooperative manner, including trade barriers and trade-distorting measures. But developing countries also needed to preserve their sovereignty in the design of their trade, industrialization and development strategies.

49. The *TDR 2002* provided a new perception of the benefits that developing countries had reaped from their outward-oriented development policies, in particular trade liberalization and opening-up to foreign direct investment and international production networks. The impact of these policies appeared to differ considerably across regions and

countries. Since rising domestic value-added was at the core of development efforts, it was particularly worrisome for developing countries to see that their rising share in world manufacturing exports had not been accompanied by a concomitant rise in their share in manufacturing value-added. Past policies for industrialization therefore had to be carefully reviewed and, where necessary, revised or complemented by new innovative measures securing a greater share in manufacturing value-added. Moreover, many developing countries relied on their large unskilled or low-skilled labour force for the production of manufactures. But the *TDR* had drawn attention to the fact that, with a high share of such goods in total exports, the risk of terms-of-trade losses remained. Developing countries had to strengthen the technological capacity and skills in their economies in order to benefit fully from globalization.

50. *TDR 2002* made an important contribution to the debate on appropriate development strategies in the context of globalization. It showed that growth and development could not be expected to result automatically from trade liberalization. In order to ensure a fair distribution of income gains from increasing global integration of production and markets, new thinking about domestic policies was required. It might be necessary to look more to domestic markets, and to strengthen regional and international cooperation among developing countries in the design of export-oriented policies in order to reduce the risk of oversupply and falling prices in the markets for labour-intensive manufactures, especially in the present phase of weak growth and high unemployment in the advanced industrial countries. The experience of many developing countries in Asia had shown that successful export-orientated industrialization required more than just reliance on market forces, liberalization and deregulation. It was also necessary to define a positive role for the state, national institutions, and policies that supported the private sector in attaining competitiveness in global markets.

51. The evaluation in *TDR 2002* of China's accession to the WTO was of particular interest for the developing countries in Asia. The analysis and the policy issues raised would contribute to the understanding of the challenges for adjustment resulting from this event, in China itself as well as in the economies of its trading partners.

52. The representative of **Trinidad and Tobago**, speaking on behalf of the **Latin American and Caribbean Group**, said that two decades of experimentation with market-oriented reforms in Latin America and the Caribbean had brought inflation under control and helped attract FDI on an unprecedented scale. However, export performance had been disappointing and growth sluggish by comparison with the levels attained in the 1960s and 1970s. In 2002 GDP growth would not exceed 2 per cent.

53. The economic and political influence of international finance was now openly discussed. There was growing concern that efforts to strengthen the accountability of democratically elected governments, including on economic matters, could be undermined by unregulated international financial markets. Progress with the much needed reform of the international financial architecture was too slow, and in the process no attention had been given to the plight of debtors.

54. In an interdependent world it would be wrong to attribute all the problems facing the countries in Latin America and the Caribbean to the vagaries of international finance. The

TDR 1999 had placed a good deal of emphasis on the way trade and financial flows had, during the 1990s, interacted in a rather lopsided manner to cause a tightening of the external constraints on growth and development in most developing regions. The discussion of trade and development presented in *TDR 2002* was an important extension of that work. His Group noted with some trepidation the finding in the *Report* that most countries in the region had failed to make progress in the export of the most dynamic products in world trade. It also noted with concern the evidence in the *Report* on the weakening link between exports of manufactures and economic growth. In particular, the *Report* raised very important questions concerning the dangers of excessive reliance on FDI, including more export-oriented FDI. Such arguments were familiar from an older development debate concerning the constraints on the export of primary commodities, a debate which had been very much centred on Latin American experiences.

55. The members of his Group would certainly endorse the broad policy messages emphasized in the *Report*, namely, first, the need for faster growth in developed countries; secondly, the need for sufficient policy space in developing countries, particularly for middle-income countries, to upgrade their own industrial base and realize greater value added; and finally, the need to expand markets in the developing world, including on a regional basis, as key to overcoming their deep-seated problems of unemployment and poverty. But these objectives could only be achieved through a coordinated and consistent approach at the international level. In this regard the efforts at the recent conferences in Doha, Monterrey and Johannesburg to put development at the centre of the international economic agenda needed to be supported and strengthened.

56. Many of the concerns raised by the UNCTAD secretariat had also been expressed by the ECLAC secretariat. Over the coming year, as the preparations for UNCTAD XI scheduled for 2004 in Brazil intensified, these ideas should be developed further and in cooperation with the regional commissions.

57. The representative of **India** said that UNCTAD had an important role in policy analysis and consensus building on the developmental dimensions of interdependence and globalization. Its distinct function was, *inter alia*, to objectively monitor economic developments and phenomena that underlay policy making; to develop policy proposals to achieve welfare gains for all; to act as a watchdog that assessed the developmental impact of particular policies; and to contribute to a positive agenda regarding both systemic and policy issues.

58. Developing countries had to raise the share of manufactures in their exports in order to reduce their vulnerability to price instability and to foster productivity growth. But while the share of developing countries in world manufacturing exports had been expanding, their share in earnings from such exports had been falling, and the attempt to secure a share in world manufacturing value added had engendered a race to the bottom among developing countries. The Doha agenda showed the commitment of developing countries to work in partnership with developed countries, on the basis of the understanding that development concerns would be at the centre of the negotiations. Since protectionist tendencies in some major developed countries could undermine confidence in developing countries in the

international trading system, the multilateral trading system had to ensure improved market access and price stabilization for their exports, allow for greater policy space to develop local industries, and establish more appropriate terms of accession to the multilateral system. Each country should be able to choose a path that was appropriate for its conditions and people, but in order for developing countries to benefit from globalization to the same extent as the developed countries, a true sense of global community was required, and it had to be translated into concrete policy action.

59. The representative of **Thailand** said that the Doha Ministerial Declaration had raised the hopes of the developing countries that their concerns over the implementation of the Uruguay Round Agreement would be seriously addressed and that the new trade round would lead to a more equitable sharing of the gains from the multilateral trading system. The main challenge was to achieve a substantial improvement in market access for goods and services from developing countries, through a substantial reduction or elimination of tariff and non-tariff barriers, effective implementation of special and differential treatment provisions and an increase in technical assistance for capacity building in the negotiation and implementation of the WTO Agreement. For trade in services, the Guidelines and Procedures for Negotiation adopted in 2001 provided a sound basis for negotiation, ensuring that further liberalization of trade in services would promote an expansion of international trade, full employment and a rise in living standards. The achievement of these objectives depended largely on the domestic competition law.

60. Regarding the interdependence of trade, finance and investment, there was a strong need to improve policy coherence on the national and international level, as recognized also in the Doha Declaration.

61. UNCTAD's efforts in providing technical assistance to build capacity in developing countries for negotiation and implementation of the WTO Agreements had considerably improved their ability to cope with complex international trade laws and policy. Many developing countries also needed assistance in the formulation and implementation of appropriate domestic legislation. Legal assistance in preparing enabling legislation for complex agreements like TRIPS and GATS was very important to enable members to exercise the right of progressive liberalization or use safeguard or development provisions under the different agreements.

62. The representative of **Bahrain** said that, as the world economy was still not recovering from the sharp downturn over the past few years, there was an urgent need for coordinated policies to arrive at a global solution to the crisis. The root causes of this downturn had to be tackled. Failure to arrive at such a solution would aggravate the economic crisis, lead to escalation of social problems and add to global instability. Policies to govern the globalization process should be supported by mechanisms for fostering interdependence and macroeconomic policy coordination. The developing countries were in a particularly weak position to withstand the consequences of the current crisis, since their economies were more vulnerable to external shocks than the advanced economies. In order to overcome the current crisis, the developing countries needed increasing inflows of FDI, improved market access conditions for their exports, and a further strengthening of technical assistance in the

economic sphere. Bahrain attached great importance to investment promotion as a vehicle for generating growth and had adopted liberal policies for attracting FDI and creating a market-oriented economy led by the private sector. This policy had contributed to making Bahrain one of the most favoured locations for TNCs.

63. UNCTAD was one of the leading organizations in terms of supporting developing countries' efforts for closer integration into the world economy. It should continue its efforts in assisting economies in difficulty, and especially strengthen its technical assistance in support of a sustained recovery of the Palestinian economy. The entire Middle Eastern region was feeling the impact of the tragic events in connection with Israeli practices. The Palestinian economy was now in need of international support to rebuild its destroyed infrastructure and find a solution to the problems of unemployment and poverty.

64. The representative of **China** said that, without a favourable international environment, developing countries could not be successful in developing their external trade. In their efforts to promote trade liberalization, they were encountering numerous challenges, as developed countries were not implementing Uruguay Round commitments and continued to maintain market access barriers against exports from developing countries. There were still high tariff peaks as well as numerous non-tariff barriers, in particular increasing anti-dumping measures, and a high level of subsidies for domestic agricultural production in the developed countries. All these measures had contributed to significant imbalances in trade between developed and developing countries and contributed to an inequitable international economic environment. There were several elements of the new round of multilateral trade negotiations which could strengthen the position of developing countries in the international trading system. An effective and equitable participation of developing countries in these negotiations was also necessary to attain the Millennium Development Goals. But developing countries also had to actively pursue domestic economic reforms, fostering market mechanism, and adopt appropriate macroeconomic and sectoral policies. The outcome of the Monterrey and Johannesburg conferences gave rise to optimism, but it was now important to assure concrete action by the international community in the follow up to these conferences.

65. The assessment in the *TDR 2002* of the implications of the accession of China to WTO was very useful as a support for policy formulation, and the proposals made in the *Report* deserved in-depth assessment and follow-up.

66. The representative of **Bangladesh** said that, although developing countries had expanded their share in world manufacturing exports, they had not reaped a proportionate gain in value-added. The *TDR 2002* raised the awareness of policy makers concerning the fact that many developing economies were at the low-skill, low-value-added end of international production chains. Its recommendation to developing countries to seek wider policy space to nurture their domestic industries was important but difficult to realize in the present system. While WTO championed the virtues of free trade, trade flows were governed by protectionist trade policies of the major industrial countries and the global strategies of TNCs.

67. At present, faster growth in the developing world required a strong demand stimulus from the industrialized countries. This pointed to an asymmetry in the global economic

system; macroeconomic or structural adjustment programmes in developing countries were subject to much tighter multilateral surveillance than macroeconomic policies of the developed countries, although their global impact was much weaker. In order to ensure faster growth and avoid even greater economic instability, the macroeconomic policies of the G-3 economies, including their exchange-rate policies, had to be better coordinated. The present international financial and trading system favoured private over public flows, exchange-rate flexibility over currency stability, creditors over debtors.

68. If the targets of the Millennium Declaration were to be attained, an additional \$50 billion of ODA was necessary. The Marshall Plan was a good example of the potential of official aid to accelerate growth. In many poor countries FDI was insignificant, and often flowed only into activities where local value-added was very small. As trade and financial liberalization had increased the exposure of developing countries to globalization and interdependence, the challenge now was to strengthen global governance, and the contribution of developing countries to it.

69. The representative of **Jamaica** said that while the *TDR 2002* depicted the growing participation in world trade of developing countries as a group, that trend was confined to a relatively small number of exporters of manufactures. For a large number of developing countries, which had not been able to move away from primary commodities, markets were stagnant and prices declining. Many developing economies, including those in the Caribbean, were faced with persistent market access barriers limiting their possibilities to shift to exports of manufactures. In almost all Caribbean countries, two or three primary commodities still accounted for as much as 60 per cent of total exports.

70. Jamaica, like other countries in the region, was heavily dependent on developments in external markets, particularly in the United States. As a consequence, it had suffered from the repercussions of the economic slowdown, with the tourism sector being most severely affected. In 2001, Jamaica's merchandise trade deficit had increased further, to reach \$1,558 million. This widening trade deficit was due in part to a 6.6 per cent fall in export earnings, with export revenues from merchandise exports falling by 5.3 per cent to \$1, 224.5 million, the lowest level since 1994.

71. It was very difficult for Jamaica to enhance its position in international trade so as to reap the economic dividends of trade liberalization. Like other countries with similar problems, Jamaica needed special and differential treatment in order to ensure that it had equal opportunities in the global trading system. It also required technical assistance and capacity building to strengthen supply capabilities with a view to enhancing trade performance.

72. The representative of the **Russian Federation** said that the current session of the Board was taking place at a crucial moment for the international community. The new round of multilateral trade negotiations in the framework of WTO was moving ahead and the preparatory work for UNCTAD XI had started. The progress achieved in the implementation of the Bangkok Plan of Action was a good basis for the elaboration of a new development strategy.

73. The discussion on interdependence, globalization and trade liberalization and their influence on development reflected the permanently increasing interest of the international community in these issues. This discussion should aim at finding a common approach to defining a concept of development in the global economy that responded to the challenges of the present and the future. This concept had to reflect the realities of an increasingly interdependent world and the problems of economic globalization. It was necessary to identify a direction and a pattern of development that maximized the positive effects for all countries and minimized the negative consequences of globalization for individual countries or specific groups of countries. Effective participation of developing countries in the global trading system required a strengthening of their domestic economic potential. To that end, countries should implement adequate domestic policies and carry out the necessary structural reforms, taking into account the relationship between macroeconomic and social aspects of their policies.

74. The Russian Federation was participating fully in global economic processes. Important pieces of draft legislation were presently under consideration, with a view to aligning domestic legislation with the norms and principles of WTO and achieving full integration into the world economic community. As a member of the G-8, the Russian Federation was also making efforts to contribute to the alleviation of the debt burden of the developing countries. Between 1996 and 2001 it had written off \$35 billion of debt owed by developing countries. This corresponded to 0.3 per cent of its GDP, a ratio which exceeded that of many developed countries. At the same time, Russia was actively participating in international programmes of assistance to the LDCs. Practically all goods produced in these countries were benefiting from duty-free access to the Russian Federation and were not subject to any antidumping, countervailing or safeguard procedures.

75. The representative of **Norway** said that although immediate security concerns had recently gained importance, development-related issues continued to be very high on the international agenda. The main challenge now was to translate the positive outcomes of the recent international conferences into appropriate action. An open multilateral trading system, based on mutually agreed, legally binding and enforceable rules, was in the interest of all countries. Renewed protectionism and unilateral action were not the way forward. Trade did not necessarily provide for sustainable development, or for poverty reduction, but reversing the process towards more open markets would be detrimental to everyone. To make trade work to the benefit of all, it was important to achieve coherence not only between trade, sustainable development and poverty eradication, but also between trade and other instruments of development, such as access to capital, technology and know-how. Market access for products from developing countries should be significantly extended, both in the developed economies and in the developing countries themselves. A particular effort should be made to provide full tariff-free and quota-free market access for all products from LDCs.

76. Developing countries were in need of better access to capital, including through debt relief. All developed countries should meet the internationally agreed ODA target of 0.7 per cent of GNI. In Norway's new budget, ODA was expected to reach 0.93 per cent of GNI. Private sector partnership was also crucial for the viability of any development strategy. But the developing countries themselves had to create an enabling environment for growth

through good governance, including adherence to the rule of law, anti-corruption measures and a credible legal system. The findings of the *Trade and Development Report 2002* to the effect that the increase in developing countries' share in world trade had not been accompanied by a corresponding increase in their share in value added underscored the need for diversification of their economies. The enhancement of labour productivity was not only a matter of traditional economic policies, but also of improvements in universally available infrastructure and health and education services.

77. The representative of **Algeria** said that the uncertainties of the international situation, in which security considerations had become dominant, were a reason for concern. There was a risk in this situation that, following on from the crisis in Latin America, the implications for developing countries of the downturn in the world economy could be exacerbated by a possible armed conflict in the Middle East.

78. The *TDR 2002* rightly pointed to the difficulties of developing countries in creating the necessary conditions for reducing their dependence on primary commodities, in some cases on a very small number of such commodities. The challenge for the developing countries was to shift their economic structures towards increased production and exports of goods with a higher content of domestic value added. This required substantial inflows of capital and technology to strengthen international competitiveness.

79. Some emerging-market economies had been able in the past decades to upgrade their productive capacity and to increase their participation in international trade, but a majority of developing countries, particularly in Africa, had been marginalized and their socio-economic situation had worsened in spite of substantial adjustment efforts. The *TDR* indicated the order of the losses experienced by the developing countries, which amounted to \$700 billion in export earnings, on account solely of the different protectionist barriers in developed economies. When the new round of multilateral trade negotiations, focussing on development, had been launched in Doha, there had been hopes that the concerns of developing countries would be better taken in account in a more transparent, open and equitable trading system. However, developments since Doha gave rise to concerns over a return to unilateral and protectionist attitudes contrasting with the spirit and the letter of the Doha Declaration. The developing countries had agreed on the Doha programme in response to firm commitments by the developed countries to give first priority in the current negotiations at the WTO to the economic and social concerns of the developing countries.

80. The representative of **Cuba** said progress in development depended very much on the speed with which the gap between rhetoric and reality was bridged. UNCTAD had made important contributions to finding solutions to the problems encountered in development, even if initially these had not always been well received.

81. The implementation of the Doha Agenda could represent an important step in the search for development-friendly solutions in the design of the multilateral trading system. Efforts had to be made in the WTO framework to meet the deadlines set, and a constructive attitude on the part of the developed countries was required in the negotiations on special and differential treatment, its application, and other topics of interest for development. Some recent proposals regarding special and differential treatment were a reason for concern, as

they would imply a renegotiation of this principle. Cuba regarded special and differential treatment as a precondition for entering into any type of association with members at different levels of development.

82. Increased interdependence required an improvement in global governance in order to create a favourable framework for development that, in turn, would lead to a more even distribution of the world's income. UNCTAD had proven itself to have a considerable comparative advantage in the treatment of development, by taking an integrated view on trade, finance, technology and investment issues. It was in a privileged position to follow up on the agreements reached on the important questions discussed at recent summits, and its operational capacity needed to be strengthened.

Chapter III

PROGRESS IN THE IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES FOR THE DECADE 2001–2010

(Agenda item 4)

83. For its consideration of this item, the Board had before it the following documentation:

“Implementation of UNCTAD-wide activities in favour of LDCs” (TD/B/49/6);
“The least developed country status: Effective benefits and the question of graduation” (TD/B/49/7).

84. The **Secretary-General of UNCTAD** emphasized the need to establish ongoing synergies between the Millennium Development Goals and the seven Commitments contained in the Brussels Programme of Action for the Least Developed Countries for the Decade 2001–2010, since the central goal of the two initiatives was poverty eradication. This was precisely the background against which the UNCTAD secretariat intended to enhance its work on LDCs in the areas of policy analysis and technical cooperation activities for capacity building.

85. He called on all stakeholders to engage in a concerted process of translating the ethical imperative of greater solidarity with the weaker countries into tangible benefits. This was an indispensable ingredient for fostering principles such as good governance, openness, peace and stability in the poorest countries. UNCTAD intended to serve as a centre of excellence in its substantive and operational work in favour of these countries. Among the lessons emerging from UNCTAD’s experience with analytical and technical activities involving LDCs in the past three decades, a particularly important one was that the task of setting these countries on the path of sustained growth and development was complex and called for a long-term perspective as well as continuous and concerted efforts by all stakeholders. The work of UNCTAD would focus on those activities that were most likely to help bring about improvements in policy formulation and implementation, the establishing of supportive institutional infrastructures for trade, and the development of human resources.

86. About 43 per cent of the total delivery of technical cooperation by UNCTAD was to LDCs. Most of these countries had benefited from such programmes as Train-For-Trade, the Automated System for Customs Data (ASYCUDA), the Debt Management and Financial Analysis System (DMFAS), the Advanced Cargo Information System (ACIS), Investment Policy Reviews and Investment Guides, among others. Moreover, the challenge of ensuring adequate participation by LDCs in multilateral trade negotiations was becoming increasingly daunting. UNCTAD had contributed to the effective participation of the LDCs in WTO’s Doha Ministerial Conference, especially by organizing the LDC Trade Ministers' Meeting in Zanzibar, the United Republic of Tanzania, in July 2001. It had also developed, immediately after Doha, a comprehensive capacity-building programme, and it would assist the LDCs in this regard. With regard to research and policy analysis work, UNCTAD’s *Least Developed*

Countries Report 2002 was an authoritative source of new thinking on poverty reduction, an issue which was at the heart of the Millennium Development Goals. The Board would hold its first executive session on LDCs from 2 to 4 December 2002 to discuss the findings and conclusions of the research and policy analysis work of UNCTAD as contained in the report. At this meeting, ministers, senior policy makers from selected LDCs and donor countries; national PRSP coordinators; representatives from the World Bank, the regional economic commissions, the International Coffee Organization and OXFAM; and various academics would deliberate on the key policy issues raised in the report. On landlocked developing countries, UNCTAD and the Office of the High Representative had already begun preparations for the International Ministerial Meeting of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation and looked forward to receiving financial support through increased extra-budgetary contributions. UNCTAD had also provided technical and substantive support to the Alliance of Small Island States (AOSIS) and to SIDS in their negotiations in WTO.

87. The **United Nations Under-Secretary General and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States** said that efforts by LDCs, LLDCs and SIDS to meet their development goals should be supported through adequate resources by the international community. It was also important to advance that effort by promoting synergies with other initiatives, in particular with NEPAD, as 34 out of 49 LDCs were in Africa. He recalled that the Programme of Action for the LDCs for the Decade 2001–2010 (POA) recommended that an “efficient and highly visible follow-up mechanism” be created to undertake the implementation, coordination, review and monitoring of the Programme. For that purpose, the United Nations General Assembly in its resolution 56/227 of 24 December 2001 had established the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (OHRLLS). The Secretary-General of the UN in his report on a follow-up mechanism for coordination, monitoring and reviewing the implementation of the POA, contained in document A/56/645, had defined the mandate and functions of the OHRLLS. The report was subsequently endorsed by the General Assembly. The mandate and functions of the Office of the High Representative had been further defined in the Medium-Term Plan of the United Nations adopted by the Committee for Programme and Coordination (CPC) at its 42nd session (documents A/57/7 and A/57/16). The OHRLLS would be coordinating, *inter alia*, inputs from the UN system organizations for that annual report. In this context, the speaker emphasized that the governing bodies of UNDP, UNICEF, UNFPA, UNCDF, UNESCO, WIPO, WTO and UNCTAD had adopted decisions to integrate the POA into their respective programmes of work. It was planned that in the coming months other UN system entities would adopt similar decisions.

88. He emphasized the importance of continuing to assist LDCs with capacity building and technical cooperation to aid their successful regional and global integration. Consideration of measures to ensure a smooth transition for graduating countries and avoid disruption of their development plans, as well as linkages between special international support measures and the objective of structural socio-economic progress, were necessary to

address that issue. He highlighted the special circumstances faced in this regard by SIDS, which were the most economically handicapped and vulnerable countries and were least prepared for the impact of graduation, despite their relatively higher per-capita income. He hoped that the upcoming International Ministerial Meeting of Landlocked and Transit Developing Countries in 2003 in Kazakhstan would help to resolve some of the pressing issues faced by landlocked developing countries. Finally, he stressed that he and the Secretary-General of UNCTAD had already established very good working relations and were having regular consultations on matters related to efforts in support of LDCs, LLDCs and SIDS. At the request of the Secretary-General of UNCTAD, he had launched with Prof. Jeffery Sachs UNCTAD's *Least Developed Countries Report 2002* last June in New York. His Office would continue to work closely with the UNCTAD secretariat to assist the three most vulnerable groups of countries.

89. The **Vice President for External Affairs of the World Bank** acknowledged UNCTAD's significant role in knowledge creation and policy debates. He stressed the importance of UNCTAD's contributions to the development policies debate and the value of having all development partners come together to address a common agenda and hear different views. He focused on the need to ensure linkages between the Millennium Development Goals and the seven Commitments under the Programme of Action for the Least Developed Countries for the Decade 2001–2010. He referred to the ongoing effective collaboration between the World Bank and UNCTAD regarding LDCs, LLDCs and SIDS in areas such as the Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries, debt management, e-commerce and data sharing, and stressed the need for continued joint efforts. He explained that the changes that multilateralism had undergone in the last two years and the major conferences since the Third UN Conference on LDCs (LDC III) (Brussels, 2001) had created an opportunity for development assistance of higher quality and greater quantity. In this context, he quoted the President of the World Bank on the emerging deal that included more responsibility, accountability and good governance on the part of the developing countries; less conditionality, more debt relief and open markets on the part of development partners; and closer involvement by civil society and the private sector.

90. With regard to national responsibilities and national poverty reduction strategies, it was up to the Governments of the LDCs to put trade at the centre of their poverty reduction strategies, in particular at a time when all development partners were joining in efforts to harmonize and align their development assistance around the national poverty strategies. He highlighted the importance of market access for socio-economic development in LDCs and the fact that currently LDCs faced major barriers arising from factors such as high tariffs and rules of origin. In this context, while recognizing the efforts of the European Union and the United States in giving LDCs market access, he pointed out that more efforts could be made. For example, agricultural subsidies amounted to around US\$300 billion, while aid flows were at US\$50 billion. Emphasizing the need to put market access at the centre of development assistance, he called on the international community not to wait for the completion of post-Doha negotiations before implementing full trade liberalization, particularly for commodities of interest to the LDCs; simplifying rules of origin; and lowering standards. He mentioned the need to look carefully at how new and old aid money was to be deployed, and to address supply-side constraints, transport, the ability to apply standards, and similar issues. He called

on the Governments of LDCs and on all the agencies dealing with trade issues – including UNCTAD, WTO and ITC – to make sure the issue of trade was embedded in the development agenda and in national poverty reduction strategies. Referring to the IF, he stressed the need to move rapidly from diagnostics to action.

91. The **Officer-in-Charge of the Special Programme on LDCs, LLDCs and SIDS** presented an overview of sub-item 4(a), which addressed the implementation of UNCTAD-wide activities in favour of LDCs, and sub-item (4b), which dealt with the effective benefits and the perspective of graduation from LDC status. In connection with sub-item 4(a), he pointed out that after LDC III, the Special Programme had progressively been concentrating its efforts on analytical and technical cooperation activities focused on two main pillars: (1) interdivisional coordination, and (2) specific research and analytical work as well as technical cooperation projects implemented by the Special Programme. The interdivisional coordination related to the activities in favour of LDCs, which were treated as cross-cutting and were mainstreamed into the sectoral work undertaken in various divisions and programmes in UNCTAD, and implemented through LDC focal points. Activities implemented by the Special Programme included, among others, preparation of the *Least Developed Countries Report*; technical support for transit transport facilitation measures in favour of LLDCs; research and advisory services on the economic vulnerability of SIDS; and collaboration with the Committee for Development Policy and ECOSOC on the revision of the criteria and the methodology for inclusion in and graduation from the list of LDCs.

92. Turning to sub-item 4(b), the Officer-in-Charge pointed out that, in light of UNCTAD's substantive role regarding LDCs and in response to ECOSOC, the Special Programme had initiated an analysis of the effective benefits derived from LDC status and the question of a "smooth transition" for graduating countries, which were subjects of particular importance for understanding the impact of international support measures to the LDCs and for enhancing the capacity of these countries to derive greater benefits from the special treatment provided to them by virtue of their LDC status. In his view, the objectives of the Sessional Committee's deliberations on the issues of effective benefits and the perspective of graduation from LDC status could include the following: (1) exploring the possibility of improving the impact of the special treatment accorded to LDCs with a view to making it an effective instrument for structural socio-economic development and progress towards graduation; (2) seeking member States' guidance on ways and means of improving the effective impact of such treatment; and (3) paving the way for an international consensus on promoting measures to ensure that, in accordance with ECOSOC resolution E/2001/43, the graduation of a country from the list of LDCs would not disrupt its development plans, programmes and projects. He expected that the Committee's deliberations would produce new insights into UNCTAD's future work on LDCs, which could generate new findings and recommendations of direct interest to the LDCs, their development partners and relevant intergovernmental bodies (e.g. ECOSOC and the General Assembly) while facilitating advocacy and system-wide coordination on behalf of the United Nations. This work could be instrumental in improving the effectiveness of international support to LDCs, with a view to increasing the structural impact of specific benefits accorded by virtue of LDC status.

93. The representative of **Egypt**, speaking on behalf of the **Group of 77 and China**, stated that LDCs were facing enormous challenges. Despite the international community's recognition of the special needs of these countries, the socio-economic indicators in LDCs had not improved. In many cases, the situation had worsened. The Third UN Conference on LDCs had admitted the failure to achieve the objectives set during the previous conference. Her Group urged the developed countries and the international organizations to translate the outcomes of recent conferences into concrete actions. Achieving the goal of duty-free and quota-free market access to developed-country markets for all products from LDCs would be a substantial step. In this context, the group expressed gratitude for initiatives to help LDCs, such as "Everything But Arms" and the African Growth and Opportunity Act. However, more support was expected in areas such as debt, health, nutrition, sanitation and education, and to overcome the supply constraints in LDCs. In this context, the speaker pointed out the importance of South-South cooperation and praised the programmes adopted by many developing countries to assist LDCs. In her Group's view, UNCTAD remained one of the most efficient organizations dealing with the concerns of LDCs. Its experience was unique and should be enhanced and supported. Assistance remained a cornerstone of policies and programmes at the national level in LDCs. Her Group expressed general satisfaction with the overall activities organized by UNCTAD in favour of LDCs. It praised the *Least Developed Countries Report 2002*, a valuable tool providing analysis and information on LDCs, and it expected in-depth discussion of the report at the Board's next executive session. Making the results of the secretariat's research on LDCs available on the reconstructed UNCTAD website would be of great benefit. UNCTAD's assistance to LDCs with WTO-related activities had been significant, especially during preparations for the Fourth WTO Ministerial Conference, and was still widely needed, including technical assistance related to the accession process.

94. The G77 and China praised UNCTAD's focus on addressing supply- and demand-side constraints and highlighted the benefits that LDCs and all other developing countries had acquired from programmes such as Trade Points, DMFAS, Investment Policy Reviews and EMPRETEC. Activities in human resources development and institution building were of great importance. The G77 and China called upon donors to provide the necessary resources to finance those activities, to replenish the LDC Trust Fund. The existing gap between resources and unfulfilled needs was of major concern to the G77. The Group supported the analytical work of UNCTAD on the problem of effective benefits and graduation from LDC status and on human development in LDCs. In its view, the question of how to achieve a "smooth transition" remained unsolved and needed workable measures to deal with it. The Group called on the Secretariat to engage all the Board members in order to guarantee that the findings in the areas of effective benefits and graduation would be viable and applicable by all the stakeholders.

95. The representative of **Benin**, speaking on behalf of the **least developed countries** (LDCs), recalled that LDC III had permitted a close examination of the situation of LDCs, which had highlighted the prevalence of extreme poverty in these countries. The LDCs took this opportunity to thank UNCTAD for its support in preparing the Conference and, more generally, for its efforts on behalf of LDCs. He called for the continuation and extension of these efforts. He stressed that the *Least Developed Countries Report 2002* also provided a

pertinent analysis of the situation of LDCs and identified areas requiring action. He especially praised the report's detailed and innovative analysis of poverty. On behalf of the LDCs, he called on bilateral and multilateral donors to step up their aid efforts with the aim of reaching the ODA targets established in the Millennium Declaration. He also called for the extension of UNCTAD's technical assistance activities in light of their positive impact on the national capacities of the beneficiaries. He thanked donors for their generous contributions to the LDC Trust Fund and called for additional efforts on behalf of LDCs in order to achieve the objectives of the Brussels Programme of Action.

96. By creating the Office of the High Representative for LDCs, the Secretary-General of the United Nations had shown concern regarding the situation of LDCs. He welcomed the close collaboration between this Office and the UNCTAD secretariat and hoped that this cooperation would continue. He pointed out that the Ministerial Conference of LDCs held in Cotonou (Benin) in August 2002 had opened new perspectives that LDCs and their development partners ought to explore in order to reach the objectives of the Brussels Programme of Action. Noting the ongoing preparations for the International Ministerial Meeting of Landlocked and Transit Developing Countries to be held in Kazakhstan next year, he welcomed the cooperation between UNCTAD and the OHRLLS in this endeavour. Finally, the representative of Benin – while reminding listeners that graduation out of the category was the objective of all LDCs – expressed the hope that transition could be made smooth and that the vulnerabilities and weaknesses of LDCs would be given due attention.

97. The representative of **Ethiopia**, speaking on behalf of the **African Group**, commended the UNCTAD secretariat for its hard work in favour of the LDCs but also emphasized that the dismal socio-economic conditions in the LDCs were cause for serious concern. As a result, the level of economic growth needed to achieve major poverty reduction in African LDCs was far from being achieved. The slight progress made so far had been wiped out by volatile financial flows and various shocks, raising serious doubts regarding the sustainability of growth in these countries. The external environment remained hostile to the LDCs, particularly to exporters of primary commodities (most of which were in Africa), whose export performance remained precarious owing to the continued dwindling of commodity prices. The coffee crisis, which affected 25 million coffee producers around the world, the majority of them in Africa, had revealed the seriousness of the problem in the primary commodity sector. The decline in the price of coffee had exacerbated poverty, caused food insecurity, and had a devastating impact on health care in major coffee-exporting LDCs in Africa, further deepening the unsustainability of debt by making it increasingly difficult to keep up with debt repayment obligations. Likewise, external financing, especially the ODA, had continued to decline in scope as well as effectiveness. FDI inflows not only were small in absolute terms but also were concentrated in a few countries and in a few economic activities, with high levels of external debt continuing to plague economic performance in many African LDCs. The speaker called on the international community to develop a long-term compensatory mechanism to address the decline in commodity prices and improve the external economic environment for LDCs.

98. The African Group fully agreed with the analysis and conclusions contained in the report of the secretariat (TD/B/49/6) that there was a gap between resources made available

by development partners and the needs of beneficiary countries, a gap which required the immediate attention of the donor community. He noted with appreciation the fact that UNCTAD's technical cooperation activities were expected to focus more on human resources development and institution building in the areas of policy formulation, implementation and negotiation regarding key trade, investment, technology and related issues. He reiterated the need to develop and strengthen linkages between the analytical and research work and technical cooperation activities of UNCTAD and called on multilateral and bilateral donors to increase their financial contributions to the UNCTAD LDC Trust Fund for implementation of the Programme of Action. Regular and timely replenishment of the Trust Fund was crucial for the sustainability of technical cooperation activities in favour of LDCs. Regarding LDC status, effective benefits and the perspective of graduation, he emphasized the huge gap between the theoretical benefits offered or announced by the international community and the actual benefits derived by countries. The benefits and international support measures had been determined on the basis of criteria other rather than the countries' LDC status. This fact called for a re-examination of policies, both at the national and international levels, for strengthening international support measures explicitly granted to LDCs and for making these support measures practical and easy to use.

99. The representative of **Denmark**, speaking on behalf of the **European Union and the countries seeking accession to the EU (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, as well as Cyprus, Malta and Turkey)**, said that UNCTAD and other organizations needed to coordinate closely with the High Representative for the LDCs, in particular regarding each organization's contribution to the Brussels Programme Of Action. The EU requested that the UNCTAD secretariat assure the full involvement of the Office of the High Representative in the planning and holding of the Board's executive session on LDCs in December. UNCTAD had already contributed substantially to the implementation of the Programme of Action, and he encouraged the secretariat to continue and strengthen its activities in this area. He suggested that the Board, in line with this year's ECOSOC resolution on the follow-up to LDC III, adopt a decision reaffirming the importance for UNCTAD to mainstream the Programme of Action into its work programme. The establishment of the Office of the High Representative had relieved UNCTAD of certain tasks, and the EU appreciated the secretariat's efforts to implement the decisions taken in this regard.

100. He noted that, although LDCs had been granted special treatment, the prevalence of poverty had more than doubled in these countries over the last 30 years. He pointed out that in some LDCs this trend resulted from a lack of peace or good governance, and that the responsibility for these factors lay mainly with the countries themselves. At the same time, he called for an examination of ways to assist LDCs and stressed that aid should be made more effective, with the Millennium Goals as overall objectives. With regard to market access, he reminded listeners that the EU had undertaken the "Everything But Arms" initiative and called on other nations to pursue such efforts. He also welcomed the increased focus of capacity-building efforts on improving the coherence of national trade policies and on overcoming supply-side constraints. In this respect, he saw the Integrated Framework as a promising initiative and encouraged UNCTAD to play a stronger role in the IF.

101. His group viewed the situation of LDCs as a key issue in the WTO negotiations and would work constructively with other Members to facilitate the accession of LDCs to WTO. He agreed that the issue of graduation should be further discussed in the appropriate bodies in New York, with a view to facilitating a smooth transition out of the category for graduating countries. He asked the UNCTAD secretariat to provide his delegation with further information on its ongoing analytical work on the effective benefits derived from LDC status, especially with regard to resources being used, time frame and the connection with UNCTAD's mandate. He also requested information concerning cooperation with the Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States. He asked the same questions about the recommendations for further activities. He expressed concern that these might strain UNCTAD's capacities, which he thought should be focused on trade-related assistance and analysis matching the LDCs' needs.

102. The representative of **Haiti**, speaking on behalf of the **Group of Latin American and Caribbean Countries** (GRULAC), said that GRULAC appreciated the analysis offered by the UNCTAD secretariat in document TD/B/49/7, especially the suggestion to make effective use of the advantages derived from LDC status. Indeed, the goals envisioned in 1971 when the LDC group was established were to allow preferential access to the markets of developed countries, development financing and technical assistance. In GRULAC's view, one fundamental question did not receive adequate attention: Was special treatment given to LDCs in order to compensate for their permanent handicaps, or was it designed to allow structural socio-economic progress on a sustainable basis, with a view to putting LDCs on a path towards convergence with other developing countries? Only structural change would lead to graduation from LDC status. The history of this category of countries in the last three decades had called into question not only the good intentions of the international community but also the efficiency of the preferential treatment given to LDCs. The number of LDCs had grown from 24 in 1971 to 49 today, and only Botswana had graduated from the group (in 1994). Two to four small island states might also be close to graduation, but overall the special treatment given to LDCs had had limited structural impact.

103. GRULAC was of the view that, even if the legitimacy of the LDC group remained intact, the credibility or usefulness of LDC status had been called into question. A systematic analysis of the effective advantages derived from belonging to the group was needed. Given its experience and its research mandate, UNCTAD should continue to take care of these issues. GRULAC would like to see fairer differential treatment taking into account the structural weaknesses affecting countries. Structural difficulties should be measured using objective criteria. Small continental States in Latin America had suffered from severe external shocks in recent years. They would like to benefit from special and differential treatment, both in the framework of the multilateral trade system and with regard to development financing, without calling into question the legitimate attention given to LDCs. UNCTAD remained an important forum for the debate, especially for countries that needed intellectual and technical support for negotiations. GRULAC fully supported UNCTAD's work plan as outlined in section IV of document TD/B/49/7. It encouraged the secretariat to continue to support other groups of structurally handicapped countries and to keep enriching the inevitable debate on differentiation.

104. The representative of **Indonesia**, speaking on behalf of the **Asian Group and China**, recalled that the overarching goal of the Brussels Programme of Action was to make substantial progress towards halving, by 2015, the proportion of people living in extreme poverty and suffering from hunger. These goals corresponded to the international development targets on combating poverty, with ambitious yearly targets of at least 7 per cent GDP growth and a ratio of investment to GDP of 25 per cent. These were very challenging targets, and without the cooperation of the international community they would be impossible to reach. He emphasized that the Asian region included nine LDCs with a combined population of 250 million, accounting for 40 per cent of the total LDC population. Progress in these countries continued to be undermined by lack of productive and institutional capacity, indebtedness, low levels of domestic and foreign investment, volatile commodity prices and declining trends in ODA. The Brussels Programme of Action called upon donors to undertake actions to achieve the minimum target of 0.15 per cent of their GNP as ODA to LDCs, and UNCTAD estimated that if donors fully achieved this target, a 63 per cent increase in aid flows to LDCs could be achieved by 2005, which was essential to achieving international poverty targets. UNCTAD could also play a critical role in mobilizing resources for the LDCs, and in that connection he requested information on the status of implementation of the decision of the OECD countries prior to the Brussels Conference to untie development aid.

105. The Brussels Programme of Action called for improved market access for LDCs, and the Asian Group was grateful to the EU for its “Everything But Arms” initiative, which was contributing immensely to increasing LDCs’ exports to the EU. The IF was intended to upgrade LDCs’ production and export capabilities. UNCTAD should play a more proactive and critical role in the implementation of the IF. He thanked the core agencies of the IF and the Steering Committee for completing Diagnostic Trade Integration Studies in Cambodia and for including Nepal in the pilot scheme, respectively. Even though the LDCs had undertaken profound policy reforms, the incidence of extreme poverty was increasing in these countries, and 68 per cent of the population in Asian LDCs was living on less than \$2 a day. He stressed that the *Least Developed Countries Report 2002* showed a close association between high incidence of extreme poverty and dependence on exports of primary commodities. The primary commodity-dependent LDCs indeed faced a particularly difficult challenge, since the prices of these exports had plummeted in real terms. The international commodity agreements had failed to meet expectations. The external debt burden, which was still unsustainable, continued to be a major cause for concern for the LDCs, with a total external debt of US\$140 billion in 1999, of which Asian LDCs accounted for 30 per cent. Therefore, both HIPC and non-HIPC LDCs needed effective debt relief measures. Furthermore, a considerable number of LDCs were not members of WTO and the international community, and UNCTAD had a role to play in facilitating the accession of these countries. The accession process should be faster, and acceding LDCs should not be asked to assume burdens that were not required of present LDC-status WTO members.

106. The representative of **Bangladesh** underscored that, despite painstaking structural reforms by LDCs, their development crisis had continued unabated and the incidence of poverty in these countries was manifested by their low economic, social and human development indicators. He stressed that the share of LDCs in the world export of goods and services had been declining, exacerbating the marginalization of LDCs in the global

economy. The Brussels Programme of Action, which was adopted in this context, was a blueprint for reversing the continuous deterioration of conditions in LDCs. International support measures in the areas of ODA, FDI, debt cancellation and enhanced market access for the exports of LDCs must have been made with the best of intentions, but he wondered whether those measures had been effective. He welcomed the secretariat's report (document TD/B/49/7), as it shed further light on the issue, and he called on UNCTAD to continue its work in this area, but he also cautioned that the update on the situation of LDCs vis-à-vis graduation thresholds should serve as an input for ECOSOC, and should not be the subject of discussions in the Trade and Development Board. On the contrary, he suggested that a special session be devoted to discussing the impact of market access initiatives in favour of the LDCs, especially the "Everything But Arms" initiative of the European Union, and he urged UNCTAD to evaluate whether the LDCs actually derived benefits from these initiatives. Highlighting the trend towards declining external financing, he requested UNCTAD to further investigate the cause of falling levels of ODA to LDCs, the effectiveness of such ODA, and LDCs' declining share of aggregate FDI flows to developing countries. He recognized a strong need for effective debt relief measures for LDCs. He also noted that UNCTAD's Post-Doha Technical Assistance Plan contained a separate window for LDCs, which reaffirmed UNCTAD's special role in assisting the LDCs with the WTO Post-Doha Work Programme. He urged development partners to strengthen the UNCTAD LDC Trust Fund. He reiterated that UNCTAD remained the focal point for LDCs in the United Nations system, particularly for trade and development issues. In his view, the Office of the High Representative on LDCs, LLDCs and SIDS should draw on UNCTAD's expertise and experience in advancing the cause of LDCs. He further urged the Secretary-General of the UN to take the necessary steps to implement paragraph 3 of General Assembly resolution 56/227, which called on the Secretary-General to enhance the operational capacities of UNCTAD in its activities in favour of LDCs.

107. The representative of the **United States** welcomed UNCTAD-wide activities in favour of LDCs. He commended the *Least Developed Countries Report 2002* and the paper on effective benefits and perspectives of graduation (document TD/B/49/7). The *Least Developed Countries Report 2002* was a major contribution to our understanding of the issues facing LDCs and a fresh and stimulating analysis of the poverty and growth in LDCs. It helped move the development community forward in its efforts to understand and confront the challenge of poverty reduction. At the same time, one should not shy away from the nefarious role that conflict had played in impeding growth and stymieing efforts to improve the human condition in LDCs. In the future the report should also include a discussion of the impact of various activities under review in the targeted countries. Document TD/B/49/6 on UNCTAD-wide activities was very useful, and the Office was moving in the right direction in trying to create coherence among UNCTAD's myriad programmes. His Government endorsed efforts to link UNCTAD's analytical work more closely with its technical assistance activities. His Government had been impressed with the breadth of information contained in document TD/B/49/7. Finally, he highlighted the need for well-coordinated and well-targeted technical assistance activities to facilitate the smooth transition of LDCs toward graduation. He noted that strong regional trading partners were a key element in fostering growth in the LDCs. It was to this end that his country provided support to regional partners as well.

108. The representative of **Denmark**, speaking on behalf of the **European Union and the countries seeking accession to the EU (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia), as well as Cyprus, Malta and Turkey**, encouraged the UNCTAD secretariat to provide more precise information concerning estimates on technical cooperation activities in LDCs and noted that the 43 per cent level, although appropriate, should be increased. The secretariat and its departments should give clear priority to LDCs in the planning of activities. Trade-related technical assistance had a crucial role in enhancing effective participation in the multilateral trading system and in supporting the policy and institutional reforms that were required as a result. In this connection, the Integrated Framework, which mainstreams trade into national development strategies and improves the coordination of assistance in support of this goal, was an important and promising initiative for LDCs. He encouraged UNCTAD to play a strengthened role in the Integrated Framework, in particular by planning and implementing activities related to the follow-up to the trade integration studies. National ownership focusing on development-oriented poverty reduction strategies and a supportive international environment were requirements for poverty reduction. Considering the complexity of poverty measures and the lack of consensus surrounding the issue, he welcomed UNCTAD's proposal for new poverty estimates and highlighted the need for more work on poverty estimates. Peace and good governance, including sound social and economic policies, were fundamental conditions for development, and the international community could assist developing countries in their national efforts to achieve these conditions. However, the main responsibility lay with the countries themselves. It was necessary to look at how international efforts could best assist LDCs. With regard to market access, the EU had taken the "Everything But Arms" initiative, and he called on other countries to take similar initiatives to give duty-free and quota-free market access to products originating from LDCs. The situation of the LDCs was a central concern of the EU and associated countries. This concern would be reflected in the negotiations under the Doha Development Agenda, and his group would work constructively with other members on the issue of facilitating LDCs' accession to WTO.

109. The representative of **Spain** said his Government was in favour of advancing work on economic vulnerability as a criterion for the identification of LDCs. The vulnerability index could be useful for assessing the situation of countries that, even though they did not qualify completely for LDC status, still suffered from structural economic handicaps caused by factors such as geographic ones, and therefore required differentiated treatment. This theme was currently being explored, with UNCTAD carrying out analysis of country profiles, which included an assessment of the impact of their economic vulnerability. Spain was supporting this initiative by financing a study on a set of vulnerability criteria for various countries. He hoped that this work would allow UNCTAD XI in 2004 to analyse in depth the problem of differentiation among states according to their vulnerability.

110. The representative of **Mauritania** said that the marginalization of LDCs in the world economy had deepened, and that this group of countries, which generated less than 0.5 per cent of world GDP, had not been able to benefit from globalization. This situation could be reversed only by the adoption of a set of international support measures that would enable these countries to overcome their structural handicaps. It was important to translate the

Brussels Commitments into actions. The international community could not afford to repeat the failure of past Programmes of Action in favour of LDCs. Noting that UNCTAD was playing a major role in the implementation of the Programme of Action for the LDCs for the Decade 2001–2010, he said that UNCTAD's analytical and research activities had proven remarkable but that the impact of its activities in other areas remained limited. He stressed the need for increased efficiency and said that more thought should be given to technical assistance programmes and to capacity building. Furthermore, the donor community should provide UNCTAD with additional resources in order to enable it to respond to the extensive and complex needs of LDCs. UNCTAD should be more actively involved in implementation of the Integrated Framework.

111. The representative of **Zambia** expressed his delegation's continuing support for the Special Programme on LDCs, LLDCs and SIDS. He noted the visibility of this programme and welcomed the improved coordination between the various divisions of the UNCTAD secretariat. It was heartening to note in document TD/B/49/6 that the approach being applied was not only demand-driven but also consistent with what had been agreed at LDC III. Research and policy analysis on LDCs and technical cooperation and capacity building continued to be UNCTAD's priority. He referred to the benefits that LDCs were deriving from UNCTAD's work. As examples, he cited market access studies, which he said played an extremely important role in strengthening the LDCs' negotiations in WTO, as well as technical assistance to commodity-dependent countries like Zambia to promote upgrading of production and diversification of exports. With respect to the Doha Mandate, which effectively enlarged the WTO work programme, UNCTAD had also been instrumental in building LDCs' capacities in the areas of trade negotiations, accession, market access, agriculture and services. Just recently, UNCTAD representatives had been in Zambia to help build national capacity for conducting negotiations in the services segment. He stressed the fundamental importance of collaboration between UNCTAD and the Office of the High Representative and called on development partners to support UNCTAD and the Office by giving them sufficient funding. The expanded mandate of the WTO work programme needed a corresponding increase in funding for UNCTAD so that the latter could continue its assistance to LDCs. Regular and timely replenishment of the Trust Fund for LDCs was necessary. The Board should create a consultative body, chaired by the President of the Board, to investigate and resolve the funding problems with respect to LDC-related activities. The gap between available resources and the unfulfilled needs of LDCs to which the secretariat's note (TD/B/49/6) referred was real and could be addressed only with predictable funding and a political commitment from donors.

112. The representative of **Botswana** presented the case of his country, the only one that had succeeded in graduating from the LDC list. He gave an overview of the economic history of Botswana, the reasons for its successes, challenges still to be met and Botswana's experience with graduation. Since achieving independence, his country had made great progress with regard to development. Not only had per-capita GNP increased dramatically, but major investments had been made in infrastructure and human capital. These included the promotion of universal access to primary and secondary education as well as primary health care. These successes had been obtained through a combination of factors and policies. The country had been able to capitalize on its rich endowment in diamonds and minerals.

Revenues from the mining sector had been heavily reinvested in infrastructure and human resources development. The Government had maintained a market-based system throughout the period since independence. It had avoided nationalization of firms and had encouraged joint ventures with foreign investors. It had also created and maintained liberal foreign exchange controls. He expressed his Government's gratitude to UNCTAD for its technical assistance and capacity-building activities, which had greatly benefited Botswana. However, his country still faced serious challenges. Although there had been improvement, poverty was still prevalent in Botswana. He also emphasized the severity of the HIV/AIDS pandemic. Botswana had taken systematic measures to fight AIDS and mitigate its impact, but these measures were quite costly and decreased the resources available for financing development and other social programmes. Botswana also suffered from insufficient energy capacities, with electricity having to be imported. Regional instability, along with recurrent climatic disruptions and cattle diseases, had also negatively impacted development. Botswana's graduation from the LDC category had penalized the country in terms of foreign assistance flow. He called for a less disruptive transition mechanism and said that a country should not be penalized for its success, as had happened with Botswana.

113. The representative of **Morocco** welcomed the initiatives on market access undertaken by developed countries in favour of LDCs and said that Morocco, too, had undertaken initiatives in favour of African LDCs. He said there was a need to relax the rigidity of the rules of origin for LDCs in trade negotiations. He also noted the role of the industrial sector in LDCs and emphasized that the Integrated Framework needed to help the LDCs overcome various supply-side constraints. Since information technology was a factor of production, more efforts in this area were needed in LDCs. Finally, the LDCs should benefit from the post-Doha technical assistance programme on a priority basis.

114. The representative of **the Islamic Republic of Iran** expressed concern regarding the fact that the last three UN conferences on the LDCs and previous Programmes of Action had failed to help countries graduate from the LDC category or to reduce the incidence of extreme poverty. On the contrary, more countries had joined the LDC category, and the number of extremely poor people had increased significantly. He asked whether the lack of success with respect to both criteria resulted from a failure of the Programmes of Action to address and resolve socio-economic bottlenecks in the LDCs, or whether it was associated with weak implementation of these Programmes of Action by the development partners and the LDCs themselves. While acknowledging the importance of national policies, including good governance, accountability and transparency, he stressed the significance of the international factor. He highlighted difficulties associated with transnational corporations that had little regard for the development dimensions of host countries. He also stressed the need for adequate assistance and ODA to build capacity and complement other resources of financing for development. Achievement of the Millennium Development Goals in the LDCs hinged on enhanced national ownership and better coordination of aid activities. This could be achieved through the United Nations Development Assistance Framework and PRSP processes. With regard to the external debt problems of LDCs, he called for more debt relief and suggested that the possibility of equity financing be evaluated. He concluded by calling for all-inclusive and comprehensive cooperation by the international community to address and resolve the problems of LDCs and to help other developing countries in their

development efforts. A concerted effort was needed to ensure that other developing countries were not driven into the LDC category.

115. The representative of **Nepal** expressed appreciation of UNCTAD's work on LDCs, especially with respect to research and policy analysis, technical cooperation and capacity building. The issues addressed by UNCTAD, including trade, investment and technology, were of great interest to Nepal, which had greatly benefited from technical assistance by UNCTAD, including in areas related to WTO's activities. The analysis and recommendations in the *Least Developed Countries Report 2002* were interesting and important, and he was looking forward to a closer examination of the report during the executive session of the Board in December 2002. He encouraged the relevant international organizations to cooperate genuinely with each other and to coordinate their efforts better in order to more effectively aid the LDCs' participation in the multilateral trading system. Finally, he noted that the majority of LDCs continued to be poorly integrated into international trade and suffered from structural economic handicaps. The fact that LDCs had not made much progress in the past decades and that poverty in these countries had even worsened raised the question of what had gone wrong with technical assistance in the past and what needed to be improved in order to ensure successful implementation of the new Programme of Action for LDCs.

116. The representative of **Norway** stressed the need to work closely with the Office of the High Representative and noted with appreciation the good working relationship between the two offices, as witnessed by the High Representative's active participation in the Board meeting on 11 October. He recognized the need for a clear division of labour between the two offices based on their respective strengths. He noted that his Government welcomed the continuing dialogue and cooperative spirit between the two offices, with each focusing on its specific areas of competence. He said that WTO, ITC and UNCTAD each played an important role in providing technical assistance and that each entity should contribute on the basis of its strengths, but that their work on LDC-related issues should be more closely coordinated. The cooperation should also include other partners of the Integrated Framework (IF), such as UNDP and the Bretton Woods institutions. The IF and the JITAP were useful coordinating mechanisms that should be fully utilized for improving coordination of their respective activities. His delegation fully supported the revamped IF, which should remain targeted at the needs of LDCs. He encouraged UNCTAD to become more closely involved with the IF process, as it went to the heart of trade-related technical assistance for LDCs. He greatly appreciated UNCTAD's analytical activities and expressed the hope that this work would be targeted as much as possible to ongoing discussions and negotiations. Concerning follow-up by the donor community, he noted with satisfaction some positive developments regarding ODA commitments undertaken in Monterrey and encouraged an invigorated focus on LDCs in this area. In Norway, the LDCs lay at the heart of development policy. Development aid to LDCs greatly exceeded the target rate of 0.15–0.2 per cent of GNI proposed by LDC III. Furthermore, his Government had proposed to increase its total ODA even further, to 0.93 per cent of GNI—a figure well above the 0.7 per cent of GNI agreed to by UN member States. However, the most important contribution by the partner countries would be to improve market access for LDC exports. Market access should be complemented by technical assistance activities in order to help the LDCs achieve the technical standards

required to enter the high-income markets. However, without full involvement by the LDCs themselves, international efforts would not succeed. The LDCs themselves needed to play an active role in creating a business environment that would attract foreign investment and stimulate domestic investment activities. He concluded by stressing the importance of a smooth graduation process that would enable countries to move out of the LDC category without disrupting their development plans, projects and ongoing programmes. The international community should facilitate the graduation process for LDCs.

117. The representative of **China** stressed that while the development of the LDCs depended on a sound national development strategy, a supportive international environment and strong donor support were equally imperative. Vital elements of international support and a successful implementation of the Programme of Action were increased aid and technical cooperation as well as increased debt relief and better terms of trade. UNCTAD needed to continue its support for the LDCs in the areas of trade and investment and to help the LDCs increase their competitiveness and productive capacities. She welcomed UNCTAD's activities in support of the implementation of the Programme of Action for the LDCs and the secretariat's document (TD/B/49/7) on the effective benefits and the perspectives of graduation from LDC status. LDCs' participation in designing the special support measures for LDCs and also the importance of paying due attention to the special needs of countries that graduated from this group. Temporary support measures were important to smooth the transition period, but these measures could not be of the "one-size-fits-all" type, as they needed to take into account the national specificities of the various LDCs. To this end, it was important that the LDCs receive more support from donor countries.

118. The representative of **Japan** emphasized his country's support for UNCTAD's activities. He noted that it was now extremely important to move towards implementation of the Programme of Action for the LDCs, the Doha Development Agenda, and the Monterrey Consensus on Financing for Development. Successful implementation hinged on three factors: (1) better coordination between different development agencies operating in different issue areas; (2) consistency among development programmes and policies, including consistency between policies pursued in capitals and those advocated in overseas missions; and (3) greater coherence between and within the international organizations. Along the same lines, he made three comments with respect to UNCTAD's activities. UNCTAD's involvement in the IF was of utmost importance, and stronger involvement by UNCTAD in this area was expected. Also, UNCTAD was expected to act in accordance with the mandate that it had received at UNCTAD X. It was expected to continue its work on LDCs as well as in other areas falling within its realm of competence. Furthermore, UNCTAD and other international organizations involved with trade, especially WTO, needed to coordinate their activities better in order to avoid duplication. He highlighted activities relating to capacity building in negotiations and to implementation of the WTO Agreements as ones where overlaps might exist.

119. The representative of **Bhutan** welcomed the advocacy, coordination and monitoring roles played by the Office of the High Representative. He expressed satisfaction with the number of capacity-building activities UNCTAD had succeeded in implementing in favour of LDCs, LLDCs and SIDS and called for sustained long-term measures. While welcoming

UNCTAD's efforts to streamline and improve its programme delivery through promoting regional and subregional projects, he emphasized the importance of national programmes in responding to the specific needs of individual countries. Mentioning Bhutan's difficulties with high transport costs – a result of its landlocked and mountainous situation – he welcomed the preparations for the International Ministerial Meeting of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation to be held in Kazakhstan in 2003 and expressed hope that the Conference would succeed in mobilizing resources necessary to improve and develop new transport and transit infrastructures in landlocked and transit developing countries. Bhutan received UNCTAD assistance in a number of areas, and technical assistance connected with accession to the WTO formed a major component of this aid. He hoped that the donors would continue their support for UNCTAD's work and emphasized Bhutan's commitment to using all technical and financial assistance efficiently.

120. The representative of **Algeria** said that the background reports prepared by the UNCTAD secretariat gave a very clear assessment of the socio-economic situation of the 49 LDCs and the progress made in implementing the Brussels Programme of Action. The main conclusions emerging from the studies were that there was a striking deterioration in these countries' socio-economic situation and worsening misery among their populations. He shared the concerns expressed in document TD/B/49/7 regarding effective benefits and exit strategies, and he wondered whether the effective benefits were in fact creating an enabling environment that would allow the LDCs to graduate from the LDC category. Were the international support measures explicitly given to LDCs in accordance with their status? Were these measures being effectively implemented as promised? Did the beneficiary countries use them effectively? Did the advantages derived from LDC status have a real structural impact? The responses given by the report were clear: the list of LDCs had continued to grow, and none of the 49 countries was ready for graduation. There was reason to fear that the support measures envisaged in the Programme of Action might end up doing nothing to help the situation, as had been the case with the two previous Programmes of Action. This was especially so if the financial institutions continued to approach the situation from an accounting perspective, with an emphasis on ensuring repayment of allocated resources. Given the importance of international trade for LDCs' economies, measures geared to improving conditions of access to the markets of developed countries remained insufficient. The LDCs' declining share in world exports demanded rigorous application of the principle of special and differential treatment in favour of LDCs. However, in order for the LDCs to effectively take advantage of the special and differential treatment, it was important that all those LDCs having applied for accession to WTO be admitted unconditionally. It was important that the donors take actions to enhance implementation of the various commitments they had made.

121. The **Officer-in-Charge of the Special Programme on LDCs, LLDCs and SIDS** grouped the questions asked by delegations in Sessional Committee I into three categories: (1) questions concerning the workload for the four areas of action envisaged by UNCTAD in paragraph 30 of the document TD/B/49/7; (2) questions relevant to national strategies for making better use of the LDC status; and (3) questions relevant to UNCTAD's collaboration with the Office of the High Representative in the area of effective benefits and graduation

from LDC status. In answer to the first group of questions, the Officer-in-Charge stressed that the tasks envisaged could not be carried out consistently unless they were dealt with as an area of in-house expertise and therefore supported by the regular budget. The workload was expected to occupy two or three staff members of the Special Programme on a full-time basis. It would also require some extra-budgetary resources for activities regarding which the Officer-in-Charge provided some details. Answering the second group of questions, he said that, while aspects relevant to the low-income and human capital criteria were likely to be dealt with extensively by the PRSP, the latter often did not deal properly with the economic vulnerability dimension, hence the link between PRSPs and the vulnerability profile prepared by the Special Programme to promote better use of the LDC status at the national level. With regard to the third group of questions, the Officer-in-Charge stressed that the Office of the High Representative was expected to be one of the most important beneficiaries of UNCTAD's work on benefits and graduation from LDC status.

Chapter IV

UNCTAD'S CONTRIBUTION TO THE IMPLEMENTATION OF THE UNITED NATIONS NEW AGENDA FOR THE DEVELOPMENT OF AFRICA IN THE 1990S: STRUCTURAL ADJUSTMENT AND POVERTY REDUCTION IN AFRICA

(Agenda item 5)

122. The **Secretary-General of UNCTAD** said that Africa's real per capita incomes were still 10 per cent below the levels reached in 1980. The HIV/AIDS pandemic, which was similar to a war of mass destruction, was going on without adequate attention from the rest of the world. Inadequate resources for accumulation and growth, and adverse terms-of-trade movements, remained major problems for Africa. African countries had been unable to attract foreign direct investment and official development assistance had fallen sharply, particularly in sub-Saharan Africa, while in many countries a debt overhang persisted. Despite welcome initiatives by the European Union and the United States in the area of trade, the continent continued to face high tariff peaks, tariff escalation and various non-tariff barriers. The new emphasis by international financial institutions on poverty reduction did not imply a fundamental departure from previous policies. It should be underscored by a careful assessment of the impact of these policies on growth, income distribution and poverty, and any new policy prescription should be informed by social impact analysis. There were also concerns regarding governance-related conditionality. The adoption of the New Partnership for Africa's Development (NEPAD) by Africa's political leaders signalled their preparedness to assume clear responsibility for institution building and good governance, but the international community had to deliver concrete support to the continent, as promised at Monterrey and at the G-8 Meeting in Kananaskis. There was a need for a lasting solution to the debt overhang and for increased aid, combined with a reduction by Africa's trading partners of the remaining barriers to trade.

123. The **Special Coordinator for Africa** said that the international approach to policies for growth, development and poverty reduction continued to be based on liberalization and rapid and close integration into the world economy. However, it was not clear how policies emphasizing the primacy of market mechanisms could help to improve the access of the poor to productive assets. The freedom of action of developing country Governments in stabilization and structural adjustment programmes seemed to be severely constrained by conditionalities attached to multilateral lending and debt relief. The 6th Ministerial Meeting of the HIPC Finance Ministers had recently called for the design of more flexible, growth-oriented macroeconomic frameworks, focusing more on increasing growth and employment rather than on further reducing inflation. If poverty reduction strategies were to succeed, they should be based on a careful independent assessment of the effects of macroeconomic policies on growth, income distribution and poverty. Such policies, adapted to the structural problems and requirements of African economies, and the provision of greater space for agricultural, trade and industrial policy formulation, combined with a sustainable solution of the debt problem, adequate resources for investment in human and physical capital, and better access to markets, could constitute the main elements of a new comprehensive development strategy which was required in order to place Africa on the road to growth and development.

124. The representative of **Egypt**, speaking on behalf of the **Group of 77 and China**, said that despite the great achievements of humanity, Africa was still lagging far behind in economic and social development. The development and social problems of the African continent, especially its LDCs, had been widely recognized. Recently, some countries had been suffering from drought and many more from the spread of HIV/AIDS. Extreme poverty had grown steadily in Africa's poorest countries. Almost 65 per cent of the population were living on less than a dollar a day. The negative effects of an era of civil wars that had devastated many African countries were still hindering national development policies, and many countries were also suffering from unsustainable debt burden, lack of infrastructure and low school enrolment ratios.

125. In adopting the New Partnership for Africa's Development (NEPAD), African leaders had recognized that Africans themselves had to play a substantive role in the development of their continent. However, the international community also had an important part to play in supporting the development process in Africa. Both the developed countries and the international organizations had a great deal of responsibility. UNCTAD had provided important assistance to Africa, and Africans showed a high level of commitment to that organization, repeatedly requesting that resources for the provision of such assistance be increased. Other organizations following a different policy approach, such as the World Bank and the International Monetary Fund, also had an important role. Considerable shifts in the economic thinking governing those institutions had taken place over the last two decades and the development aspect had begun to acquire an increasing place in their strategies.

126. The latest report by the UNCTAD secretariat on economic development in Africa was an important document, not only for Africa but also for all developing countries. The debate on the issues raised in that document would greatly benefit from the views of countries that had already entered the Poverty Reduction Strategy Paper (PRSP) implementation phase. It would also be useful to have a reaction from the World Bank and the International Monetary Fund.

127. The UNCTAD document could give the impression that it was challenging the new Poverty Reduction Strategy adopted by the Bretton Woods institutions; however, the views presented in that document should be considered within the framework of a positive debate aimed at maximizing the benefits obtained from implementing such strategies in different regions and minimizing any side effects. UNCTAD's role as a pioneer in presenting developmental approaches to tackling the developing countries' concerns in different areas was widely appreciated. It was normal that the conclusions of its reports, including this year's report on economic development in Africa, met with both agreement and disagreement from the different delegations. It was important, however, that developing and developed countries, as well as the relevant international organizations, continued working to face the development challenge that was threatening not only the developing countries but also the entire planet.

128. The representative of **South Africa**, speaking on behalf of the **African Group**, said that the adoption of the Declaration on the New Partnership for Africa's Development (NEPAD) signalled global support for Africa's efforts to accelerate development and reduce

poverty. UNCTAD had always proved a reliable partner of the African countries by providing necessary technical support and strengthening efforts for capacity building, but perhaps even more by breaking new ground in designing programmes that addressed trade efficiency and competitiveness. In the context of NEPAD, African leaders had committed themselves to social and economic development based on the principles of democracy, good governance and peaceful settlement of disputes. The peer review mechanism of NEPAD would also be helpful.

129. Structural adjustment and stabilization policies over two decades had ignored the very basic needs of the African people and led to an increase of poverty. Therefore, the Poverty Reduction Strategy Papers (PRSPs) of the Bretton Woods institutions, an important step in forging real partnerships, should play a central role in setting appropriate and integrated policy frameworks, and in ensuring country ownership of development strategies. The design and implementation of PRSPs involved enormous resources, and their success depended on the alignment of policies, practices and procedures by both international institutions and donors. They also required solid institutional foundations and had to be linked appropriately to national budgetary processes. In March 2002, the HIPC Finance Ministers had expressed the need to further streamline conditionality in the lending policies of the Bretton Woods institutions. It was necessary to ensure appropriate coordination of the national and the international approaches, and it was important that the policies agreed reflected the values of a modern society.

130. Poverty reduction was a function of economic growth, which in turn would be possible only in the context of flexible and growth-oriented macroeconomic frameworks that did not overemphasize anti-inflation policies but focused more on anti-poverty social spending, and particularly on education and health care.

131. The present debt overhang of African countries remained a cause of major concern since the HIPC Initiative had delivered less than satisfactory results. More innovative mechanisms beyond the HIPC had to be developed in order to enable HIPCs that reached completion point to implement long-term development strategies to promote productivity growth, human resource development and a viable enterprise base.

132. The implementation of NEPAD required constant reappraisal of programmes and policies in a very dynamic global environment. In this light, the UNCTAD report on Africa was an important contribution to the debate on poverty reduction, demonstrating UNCTAD's comparative advantage in policy analysis.

133. The representative of **Brazil**, speaking on behalf of the **Latin American and Caribbean Group** (GRULAC), said that the serious and persistent economic and social problems faced by African countries, in particular those in sub-Saharan Africa, required vigorous measures by the international community. Poverty reduction was of particular relevance in Africa and required a common endeavour by all countries. It was important to help African countries to reduce the vulnerability of their economies, to internalize the process of development and to strengthen self-reliance. After two decades of policy reforms, progress in mitigating the suffering of the people of Africa and improving their economic and social indicators had been very limited, despite some positive signs that had emerged from

the international community, in particular from the industrialized countries. The international financial institutions' revision of their past approach to stabilization and structural adjustment gave rise to optimism. Since the question of poverty could not be dissociated from the globalization process, a solution could not be expected exclusively from a country's individual efforts. The Poverty Reduction and Growth Facility (PRGF) and the Poverty Reduction Strategy Papers (PRSPs), as an integral part of the HIPC Initiative and a precondition for Poverty Reduction Support Credit (PRSC), had the potential to create some of the conditions for sustained growth, but needed to be enhanced. It was also necessary to ensure country ownership of the programmes and recognition of the policy aspirations of the poor.

134. Recent trade initiatives by the European Union and the United States were important steps forward, but there was still scope for the industrialized countries to demonstrate their commitment to help the African people, especially in the context of the Doha Ministerial Meeting, by eliminating protectionism in agriculture and textiles, and by finding an adequate solution to implementation issues, including questions related to special and differential treatment.

135. Concerted action by all stakeholders, at both the micro and macro levels, in an integrated and synergetic way was necessary for the promotion of structural adjustment in the context of globalization. For the efforts of individual countries aimed at achieving their development goals to succeed, they had to have a stable and development-friendly international financial and economic environment. Policy advice espoused under the "Washington Consensus", including also the notion of good governance, had to be accompanied by an international setting that would guarantee financial stability, growing and predictable flows of capital, market access for products of primary export interest to African countries, provision of official development assistance in line with internationally agreed targets, and strengthening of international cooperation.

136. The international community was facing a huge challenge as 1.2 billion people were living on less than a dollar per day. The results of the HIPC Initiative had been disappointing, and a fresh and bolder approach was needed in order to remove the debt overhang of the world's poorest countries, including an independent reassessment of debt sustainability and a moratorium on debt service payments.

137. GRULAC supported the conclusion of the secretariat's report on economic development in Africa. Several GRULAC countries were facing economic and social problems similar to those of the African countries, such as external debt pressure, falling prices for agricultural commodities, low domestic savings and insufficient investment flows. The most effective key to the solution of the problems faced by the developing countries might be in the area of trade. Industrialized countries should take seriously the need to abolish protectionism, give meaning to their free trade convictions, and help build a fair and balanced multilateral trading system.

138. The representative of **Indonesia**, speaking on behalf of the **Asian Group and China**, said that the secretariat had provided excellent documentation that facilitated the deliberations. It showed that African countries continued to be confronted with the severe

problem of poverty while at the same time facing the complex challenge of globalization and liberalization of trade and finance.

139. Slow and erratic growth was a major feature of African economies. Also, there had been regressive changes in income distribution, and both sluggish growth and a deterioration in income distribution had contributed to increasing poverty in Africa. Structural adjustment policies might temporarily have an adverse impact on the poor, which could become more permanent in the absence of proper safety nets. Social impact analysis of macroeconomic and structural reform measures was needed and, where necessary, policies should be adjusted accordingly. Flexibility and adequate space for policy-making were of critical importance for African countries. Participation and ownership in the Poverty Reduction Strategy Paper (PRSP) approach should be directed towards achieving greater autonomy for the African countries in the design of their own development policies, commensurate with their needs. While poverty alleviation required appropriate social policies, rapid and broad-based growth was indispensable. The solution to poverty could not lie solely, or even primarily, in redistributive policies, not only because of the well-known political and social difficulties involved in redistribution without growth, but also because of the impossibility of making much of a dent in poverty through redistribution at a very low level of income. The design of a strategy to combine growth with redistribution should be the responsibility of the African countries themselves; policy prescriptions from outside and conditionality were not the solution. The African continent had seen the most intense and recurrent application of structural adjustment programmes over the past two decades without much progress being made in either poverty alleviation or development. For poverty reduction strategies to be successful, they had to be founded on a careful and frank independent assessment of the effects of macroeconomic and structural adjustment policies on growth, distribution and poverty.

140. The support of the international community was also critical, as were the commitments by African leaders to do their utmost to pursue development as stipulated in the New Partnership for African Development (NEPAD). The latter provided a sound framework for the international community to assist African countries, since it encompassed an integrated sustainable development initiative and ensured improved ownership of reforms by the African countries. International development cooperation had to be strengthened and to be geared towards efforts to solve the serious problems related to protectionism, reduced aid and the debt burden. An enabling international environment of trade and finance was critical for the success of NEPAD. In order to increase the probability of attaining poverty reduction goals in Africa, as reaffirmed at the Millennium Summit, it was necessary for both national authorities and the international community to discharge their respective responsibilities. Greater domestic policy effort and good governance could not make up for inadequate external financing and increasing protectionism in other parts of the world.

141. The representative of **Benin**, speaking on behalf of the **east developed countries**, said that beginning in the 1980s many African countries had initiated structural adjustment programmes in cooperation with the Bretton Woods institutions, with the aim of liberalizing the economy, gaining control over public spending, promoting economic growth and providing incentives for investment. The experience differed from country to country, but

there were similarities. The structural weaknesses and economic constraints in the African countries had not been overcome. Moreover, poverty remained a major concern and in most countries weak and erratic growth had been accompanied by a deterioration of income distribution. In Africa about 291 million people were living below the poverty line of a dollar a day. This figure represented about 46 per cent of the world population which was facing a situation of extreme poverty. Despite efforts by Governments to improve the situation, social conditions remained precarious. There were important resource needs in order to improve the situation in many areas, such as health care, education, sustained food supply and means of communication. The Structural Adjustment Facility (SAF), the Enhanced Structural Adjustment Facility (ESAF) and the new Poverty Reduction Strategy Paper (PRSP) framework provided options for the fight against poverty, which continued to be the principal challenge. Economic reforms aimed at sustained and rapid economic growth had to be accompanied by security systems designed at the national level. It was also necessary to recognize that the economic and social situation in African countries was strongly influenced by external factors. Barriers to African access to world markets; low commodity prices; insufficient capital inflows, particularly in the form of foreign direct investment; decreasing official development assistance; and the public debt burden were constraints on the development of Africa. Of the 49 LDCs, 34 were in Africa. Therefore, the international community should support Africa more effectively in its development efforts.

142. The LDCs called upon their bilateral and multilateral partners in trade and development to take concrete action to honour their commitments under the Monterrey Consensus and the Brussels Programme of Action in Favour of LDCs, as well as the Action Plan of the G-8 summit adopted in Kananaskis in June 2002 in favour of Africa, and to support the implementation of NEPAD.

143. The representative of **Denmark**, speaking on behalf of the **European Union and the countries seeking accession to the European Union (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, as well as Cyprus, Malta and Turkey)**, said that the promotion of sustainable development in Africa was a top priority for the EU and its member States. The leadership shown by African leaders in establishing the African Union and by agreeing to the New Partnership for Africa's Development (NEPAD) was a major step towards achieving sustainable development in African countries and a reduction of poverty. NEPAD linked the need for creating conducive conditions for development to the possibilities for poverty reduction, economic development and an expansion of trade. Strengthening regional economic communities, improving the macroeconomic framework and deeper integration, as well as improving regional trade by eliminating barriers to intraregional trade, were among the priorities established in the NEPAD plan of action. Regional integration and trade were also priorities of EU development policy and were at the heart of the ACP-EU Economic Partnership Agreements (EPAs). The EU was committed to ensuring that EPAs would contribute to achieving the main objectives of NEPAD and the African Union.

144. Increased trade flows were a precondition for the promotion of rapid growth, as were good governance and domestic policy reforms. The European Union had taken note of the secretariat's views on the policies of the international financial institutions, but it did not

share all the views expressed. It did agree that the international financial institutions should play a supportive role. While the conditionality attached to their financial support was indispensable, it had to be considered carefully, and there was a need to focus further on a more coherent approach by all actors, including the financial institutions and organizations promoting international trade.

145. There was also a need to increase the overall level of financing for international development cooperation. In the context of the International Conference on Financing for Development, held in Monterrey, the EU had reaffirmed its commitment to reaching the 0.7 per cent target for official development assistance (ODA). As a first significant step it had decided to increase its ODA over the next four years so as to reach collectively an EU average of 0.39 per cent. Although the HIPC Initiative would reduce the debt of 22 African countries that had followed sound economic policies and good governance, the EU was when needed ready to consider additional debt relief for countries affected by extraordinary circumstances.

146. The representative of **Ethiopia** said that since 1992 Ethiopia had embarked on a painful process of macroeconomic and structural adjustment, and had also implemented several sectoral investment programmes. These efforts had yielded a modest dividend. Ethiopia was still one of the poorest nations in the world. This poverty was mainly a rural phenomenon, but urban poverty was also growing. Desiring to rid Ethiopia of the scourge of poverty, the Government had exerted every effort to prepare a Poverty Reduction Strategy Paper (PRSP). However, the successful implementation of the policies contained in that document required as much effort on the external front as on the domestic front.

147. The international community was called upon to fill any financing gap between available and required resources. In the past the international community had been supportive of poverty reduction efforts in Ethiopia, but at a lower level than in other parts of Africa. Ethiopia now needed an increase in both the quantity and the quality of assistance. Aid delivery mechanisms had to be streamlined and harmonized in order to reduce transaction costs, and to improve the effectiveness of aid. Ethiopia's terms of trade had deteriorated as a result of an unprecedented collapse in the world price of coffee, which accounted for 60 per cent of the country's export earnings. Against this background its development partners were called upon to help facilitate market access, encourage flows of foreign direct investment, address the country's debt problem and remove supply-side constraints.

148. It was to be hoped that three or four decades of experimenting with different development paradigms had come to an end with the introduction of the PRSP scheme. The international community had to develop the necessary political will to discharge its responsibilities. In doing so, it should look to the positive experience with the huge external support given to bolster the strong domestic effort of the North-East Asian countries at an earlier stage of their development.

149. The representative of **Mauritania** said that the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF) had not led to the expected results. Africa was still confronted with the same obstacles as at the beginning of the 1990s. African leaders had recognized that the major responsibility for their development lay with their own

countries, and as a consequence the New Partnership for Africa's Development (NEPAD) had been launched. However, Africa could not cope alone with the challenge facing it. NEPAD provided a framework and an opportunity to promote African development, but it had to be coherently supported by the international community. Faster growth was a precondition for sustained poverty reduction in Mauritania; it required a more dynamic private sector, macroeconomic stabilization, export promotion and increased competitiveness. Sustained growth, however, was not equivalent to poverty reduction. Extreme poverty had to be resolved through sectoral development, and government intervention was necessary in order to create economic and social infrastructures. Domestic policies were fundamental, but without a favourable international environment the development goals could not be attained. Developed countries had to open their markets to products from developing countries, facilitate access to information and communication technologies, and strengthen their efforts to provide additional official development assistance and debt relief.

150. The representative of **Tunisia** said that despite the attention given by the international community to the reduction of poverty, the mobilization of resources to attain the targets set at the Millennium Summit and other recent international conferences had been insufficient. However, poverty reduction had become the principal objective of the programmes and activities of the international financial institutions, and both the European Union and the United States, as well as the G-8 countries at their recent summit, had made commitments that were important not only for the countries directly concerned by the problem of poverty but also for security and stability in the world. These efforts were of particular importance as the number of people living on less than a dollar a day continued to increase, particularly in African LDCs. The UNCTAD report on economic development in Africa provided a pertinent analysis of the causes of this growing poverty.

151. At the Lusaka summit in July 2001 African leaders had adopted the New Partnership for Africa's Development (NEPAD), which was intended to become the cornerstone of African development policies. The success of this ambitious programme was dependent on the active support of the international community. The process of globalization and the changes it brought with it for interdependence and the relationship between peace, security and development required a global approach to the problems of development and poverty, such as the creation of a Global Solidarity Fund. This Tunisian initiative was inspired by the country's experience in the fight against poverty and had the support of the international community. It was to be hoped that all partners would help implement this initiative by putting in place appropriate mechanisms, in accordance with the goals and commitments set out at the Millennium Summit.

152. The representative of the **Islamic Republic of Iran** said that globalization and liberalization of trade and finance were complex challenges for Africa. The per capita income of sub-Saharan Africa was declining and poverty was increasing. The structural adjustment programmes applied in Africa over the past 20 years had not succeeded in overcoming the major structural and institutional impediments to accumulation of capital and structural change. This might be partly due to slippages in policy implementation, but there had also been problems in policy design.

153. While the United Nations, including UNCTAD, had for many years drawn attention to the need to address the plight of the poorest countries, as well as emphasizing the concerns expressed at the Millennium Summit, international action had so far been insufficient. Since 1999 poverty reduction had become the prime objective of the operations of the international financial institutions in low-income countries. However, although these programmes were now more focused on poverty reduction, the macroeconomic policy advice did not seem to depart from the earlier approach of structural adjustment that had been based on the commitment to market-led policies and the liberalization of trade and capital flows. African countries required greater autonomy in the design and implementation of macroeconomic policies adapted to their own special conditions. With the Poverty Reduction Strategy Papers (PRSPs), multilateral and bilateral official loans and grants and debt relief had become inexorably linked to poverty reduction policies and strategies. In the context of PRSPs there was, however, a considerable contradiction between ownership and conditionality. The New Partnership for Africa's Development (NEPAD), conceived and adopted by African countries themselves, should be the basis of international support to Africa. Much more effort was required for a substantial increase in aid, debt reduction and better access to markets.

154. The representative of **China** said that UNCTAD had played an important role in the implementation of the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF), in particular through its analytical work on economic development in Africa, and had also made a substantive contribution to the New Partnership for Africa's Development (NEPAD). Regarding the secretariat's report on economic development in Africa, China endorsed the view that rapid economic growth was the primary condition for poverty alleviation. Macroeconomic stability and structural reform were crucial for sustainable and rapid growth, but social safety nets and social expenditure were also important. African countries had made great domestic efforts, including the launching of NEPAD, but there had been no progress in poverty reduction, owing to various constraints. Economic development and poverty alleviation in Africa required a joint effort by the international community in taking active and effective measures to create a favourable international environment for sustainable development in Africa, including reforming the international financial and trade systems, and promoting and facilitating resource flows to Africa. The creation of a more equitable pattern of world trade reflecting the interests of all countries, through the reduction of protectionism and the provision of market access and technology transfer, was equally important, as was the fulfilment of the commitments by developed countries regarding the provision of official development assistance and debt relief. The United Nations should continue to play a constructive role in mobilizing international support for African development. Greater participation by African Governments in the design of policy reform and structural adjustment policies should be encouraged, and the assistance provided by developed countries and international institutions should not be linked to conditionality.

155. The representative of the **United States of America** said that the New Partnership for Africa's Development provided a solid base for African-led development and that the secretariat should have referred to this new initiative in its report on economic development in Africa. The initiative took charge of development with a focus on poverty reduction.

156. Development depended on a coordinated, coherent approach in which all stakeholders focused on their comparative advantages. Coherence, as a development imperative, rested heavily upon the establishment of clear and sound development priorities by the developing countries themselves. Therefore, one specific way in which UNCTAD could support increased coherence was to place emphasis on cooperating with African Governments, civil society and the Bretton Woods institutions in the Poverty Reduction Strategy Paper (PRSP) process.

157. The most fundamental requirement for Africa to attain its development goals was peace, which was a precondition for the development of regional markets and infrastructure. While improved market access, increased official development assistance (ODA) and faster debt relief were necessary, and while progress had been made on these issues, it had to be recognized that domestic and private resources were the primary resources for sustained development efforts. As African leaders were consolidating democracy and sound economic management, industrialized economies made commitments to promote peace and security in Africa, boost expertise and capacity building, encourage trade and foreign direct investment, and provide more effective ODA. Action on food security and agricultural development and productivity were also extremely important. Sustained growth in agricultural productivity could be achieved through investments in rural development, research and biotechnological development, as well as through a favourable policy environment for farmers to reap the rewards of their work. The United States initiative on agricultural trade at the WTO would complement the efforts of African countries, but domestic policies had an important role to play in maximizing the potential of agriculture.

158. The representative of **Cuba** said that the economic situation in Africa continued to worsen year by year. Africa's share in world trade was decreasing and many countries in the region had become more marginalized. Experience showed that growth could not be sustained without an increase in savings and investment. But this was impossible to achieve when prices for primary commodities, which accounted for more than 80 per cent of African exports, were falling compared with export prices in the rest of the world. Rapid liberalization of African economies had not led to the expected results, while market access for African products in the developed countries continued to be constrained. Massive subsidization of agricultural products in the developed countries and other forms of protectionism were obstacles to sustained development and poverty reduction. Moreover, lack of financial assistance was jeopardizing growth and development and the very survival of the continent. Recent initiatives launched by a number of developed countries were positive steps, but greater efforts were required on the part of the international community. To enable Africa to emerge from extreme poverty, it was essential that developed countries met their commitments made in the context of the Third LDC Conference.

159. UNCTAD's work in many areas, including its interaction with other international institutions in the area of trade and finance, was very important for enhancing policies in favour of development and poverty reduction in Africa. African countries, however, could not attain their development objectives without greater support by the international community through the provision of additional financial resources, better market access and special and differential treatment, particularly for LDCs. The services provided by UNCTAD

in different areas had to be integrated into a global approach in order to ensure consistency and synergies with the activities of other institutions.

160. The representative of **Algeria** said that the report by the secretariat on economic development in Africa, although departing from conventional views, provided a thorough analysis of that continent's problems of development and poverty. Africa's development partners often had a biased view of Africa as a war-torn continent where famine, AIDS and corruption were rife. While such phenomena were indeed dominant in some African countries, there were also some encouraging developments with regard to governance and political reform in the majority of African countries. However, the resolution of social and political conflict, the establishment of democratic Governments, respect for human rights and liberalization policies were not sufficient to pull the African countries out of poverty. Adjustment policies had been associated with considerable economic and social costs, adding to the debt burden, which over the years had become a major constraint on sustainable development.

161. It was deplorable that the efforts by African countries to achieve regional integration, particularly following the creation of the African Union, were not fully recognized by the international community. That project, which was pursued also through the New Partnership for Africa's Development (NEPAD), underlined the commitment of African Governments to take charge and solve their economic problems.

162. The representative of **Norway** said that economic policy that was responsible for hyperinflation, sustained fiscal imbalances, ineffective taxation systems and the absence of redistribution mechanisms did not benefit the poor, nor did artificial exchange rate policies, ineffective institutions or corruption. By contrast, investment, trade and growth could benefit the poor, but required a conducive economic and political environment. Policy reform and correction of economic imbalances continued to be of vital importance for growth and poverty reduction. However, economic reform alone was not sufficient to sustain poverty reduction, and reform processes were unlikely to succeed if imposed upon national Governments from abroad. Ownership was a prerequisite for success. In this regard, the New Partnership for Africa's Development (NEPAD) could not be more timely. It provided for a genuinely African mechanism for promoting economic growth and poverty eradication.

163. It had gradually been recognized that poverty eradication and sustained economic growth required a strong focus on education, health, income distribution, social development and infrastructure. This was reflected in the continuous extension and improvement of the World Bank's performance index in relation to lending and creditworthiness. The problem was not a lack of pro-poor policy advocated by the international financial institutions, but the implementation of better policies. Most stakeholders would agree that there was room for improvement in policy implementation; despite several success stories, there were indications that good policy intentions did not trickle down to the implementation level.

164. The work by the UNCTAD secretariat on adjustment policies in Africa was a welcome contribution to a frank and open exchange of views and experiences, something that was needed among all stakeholders.

165. The representative of the **Libyan Arab Jamahiriya** said that Africa was facing numerous problems and challenges. The persistence of foreign indebtedness was the most serious problem, since large debt service payments required many Governments to divert scarce resources from activities that were essential for accelerating development and the fight against poverty, such as spending on education and health services, and investment in infrastructure. So far, the HIPC Initiative for debt relief had not delivered the results hoped for. Its implementation was slow and the debt relief granted would in many cases be insufficient for achieving debt sustainability in the future. Also, there was a need to enhance the flow of foreign direct investment to African countries to help strengthen their productive base.

166. African development was not possible without a strengthening of efforts by the international community to help the region overcome its structural weaknesses and to solve the problems of slow growth and poverty. However, regional efforts were equally important. In this regard, the transformation of the Organization of African Unity into the African Union constituted a substantial achievement on the path to sustainable development in Africa. It was also important that the UNCTAD secretariat continue to contribute to a better understanding of Africa's development problems and to policy formulation through its research on issues of major importance for Africa.

167. The representative of **Japan** said that there would be no stability and prosperity in the world economy in the 21st century without a resolution of the problems in Africa. The Government of Japan had hosted the Tokyo International Conference on African Development (TICAD) in 1993, followed by TICAD II in 1998 and the TICAD Ministerial Meeting in 2001. TICAD III was planned to take place, at summit level, in October 2003. Japan had consistently stressed the importance of Africa's ownership of development policies, which meant African initiatives and self-help, supported by partnership with the international community. Development could be sustained only if the countries concerned regarded the challenges as their own. In this connection, the demonstration of African ownership through the elaboration of the New Partnership for Africa's Development (NEPAD) and the establishment of the African Union was an important step.

168. For the successful implementation of NEPAD, the TICAD process could play a catalytic role as a framework for a comprehensive dialogue and cooperation among African countries and their partners. At TICAD III, Japan would give priority to Asia-Africa cooperation, human-centred development, and the consolidation of peace as a precondition for development. The UNCTAD secretariat's report on economic development in Africa was right to stress the importance of education and health care, but it was also necessary to recognize that development efforts could not bear fruit without security and the consolidation of peace, an issue that deserved more attention in the future work of the secretariat.

169. The representative of the **African Union** said that the secretariat's report on economic development in Africa offered an alternative perspective on the policies advocated by the international financial institutions. While it was too early to draw any conclusions about the impact of their new approach to growth and poverty reduction, the fact that particular importance was now given to country ownership and participatory decision-making in the

design and implementation of poverty reduction programmes was a welcome development. The New Partnership for Africa's Development (NEPAD) was a genuinely regional initiative through which Africa would pursue its interest in the world economy and engage in cooperation with the international community. At the recent meeting of the Trade Negotiations Committee of the WTO, many developing countries had complained about the lack of progress on issues of major interest to them, such as special and differential treatment, trade in agriculture and problems of implementation. All members of WTO had to show political commitment in order to ensure that the Doha Ministerial Conference would lead to positive results for development.

170. The development objectives set out in the Constitutive Act of the African Union and its programme, NEPAD, could be attained only in a conducive external environment. It was with that in mind that African countries were participating in the WTO negotiations while aiming at stronger regional integration. If growth and poverty reduction goals as advocated by the Poverty Reduction Strategy Papers were to be attained, the multilateral trading system had to be reformed and development cooperation had to be strengthened. Developed country support was needed in the form of granting market access to products of export interest to African countries, implementing the existing debt relief initiatives and reviewing their eligibility criteria, and meeting the official development assistance target of 0.7 per cent of GNP.

171. UNCTAD should accelerate its delivery of trade-related technical assistance that could help strengthen institutional capacity, especially in Africa, and foster consensus-building in multilateral negotiations.

172. The representative of the **International Federation of Free Trade Unions** said that it was necessary to ensure the involvement of the peoples of Africa in the implementation of the New Partnership for Africa's Development (NEPAD). African trade unions had continually voiced doubts about the notion that a free market approach to social and trade policy could solve the region's development problems. Rather, development should be centred on democracy and participation, debt cancellation, strengthening of social protection and dialogue, and the promotion of peace and regional integration. The development models and schemes underlying International Monetary Fund and World Bank activities had not been able to solve the problems of poverty, unemployment and exclusion. The structural adjustment policies of the past had failed because they had not been based on democratic processes that took into account people's real needs.

Chapter V

REVIEW OF DEVELOPMENTS AND ISSUES IN THE POST-DOHA WORK PROGRAMME OF PARTICULAR CONCERN TO DEVELOPING COUNTRIES

(Agenda item 6)

173. For its consideration of this item, the Board had before it the following documentation:

“Developments and issues in the post-Doha work programme of particular concern to developing countries” (TD/B/49/12).

174. The **Deputy Secretary-General of UNCTAD** recalled that the Commission on Trade in Goods and Services, and Commodities had recommended that “the Trade and Development Board review regularly developments and issues in the post-Doha Work Programme of particular concern to developing countries”. The Board had endorsed this recommendation. He emphasized the main concerns of developing countries with regard to major developments and issues in the post-Doha Work Programme, particularly in the areas of agriculture, non-agricultural products, services, WTO rules, TRIPs, trade and investment, trade and competition policy, S&D treatment, trade, debt and finance, transfer of technology, and implementation issues. He also mentioned UNCTAD’s work in this regard.

175. The **Deputy-Director General of WTO**, Mr. Kipkorir Aly Azad Rana, said that completing the Doha work programme in a timely and successful manner would be of utmost importance to developing countries. Issues of interest to developing countries included most notably market access and special and differential treatment (S&D). As regards market access, developing countries’ concerns related to better market access for agricultural and non-agricultural products, as well as for services, in which they were competitive in international markets. Many developing countries’ products, including textiles and clothing and electronic equipment, continued to face excessively high tariff barriers (tariff peaks), tariff escalation or non-tariff measures such as sanitary and phytosanitary measures in developed country markets. There was also a need to address domestic policy measures in developed countries that hampered effective access by developing countries to developed country markets, such as domestic and export subsidies. It was worth noting that South-South trade had increased in importance, accounting for some 40 per cent of developing countries’ exports, and this trade could be further expanded by removing tariff barriers. A specific example was the case of Kenya, whose major market was now the COMESA region. As regards S&D treatment, developing countries needed policy flexibility in pursuing national development and in integrating themselves fully into the multilateral trading system in a competitive manner.

176. While the Doha negotiation timeframe was tight in various areas, it was important that developing country members be fully involved in the negotiating exercise in all areas on an informed basis, so that their particular interests could be reflected in the negotiations and at the Fifth WTO Ministerial Conference. The WTO secretariat was committed to a negotiation process that was transparent and inclusive. In addition, there was an unprecedented

commitment on the part of the secretariat to provide technical assistance and capacity building for developing countries. A key priority was to ensure that technical assistance activities were effective, well targeted and coordinated with other international agencies. There was therefore a need for the WTO to work closely with UNCTAD, which had been a reliable and valuable partner in this area. Technical assistance activities should not be confined to the Doha work programme in a narrow sense, but should go beyond that to ensure that the outcome of the negotiations could be properly implemented and that the supply capacity of developing countries was augmented to capture improved market access opportunities. Thus, a long-term strategy needed to be established to address in a truly coherent manner developing countries' human resource constraints and supply-side difficulties in terms of trade infrastructure. UNCTAD, together with WTO, had an important role to play in promoting the trade potential of developing countries so that multilateral trade liberalization served as tool for development.

177. The representative of **Egypt**, speaking on behalf of the **Group of 77 and China**, stressed the importance of partnership among all participants in the international trading system in overcoming challenges arising from the system. Such partnership should ensure that the system was conducive to the promotion of development and economic growth by creating an enabling environment for supply-side capacity building in developing countries and addressing their lack of appropriate local institutions and capacities. The least developed countries and small economies in particular faced special vulnerability and structural problems that increased the difficulties of integrating into the multilateral trading system. This was recognized in the Doha Ministerial Declaration and the Preamble to the Marrakesh Agreement Establishing the WTO.

178. The Group of 77 and China had shown good will and flexibility in the various stages of WTO negotiations, but progress so far had been disappointing in the key areas of importance to developing countries relating to implementation issues, TRIPS and public health, accession of new members, agriculture, S&D treatment, non-agricultural market access, and textiles and clothing. Although the establishment of the Doha Development Agenda Global Trust Fund was a major achievement, the response by donors and the pace of implementation of technical assistance activities had still to reach its full potential.

179. UNCTAD's role in assisting developing countries in WTO negotiations and work, including in respect of agriculture, services, implementation issues, trade facilitation, e-commerce, and trade negotiations in general, had been substantial. UNCTAD should expand its area of activities where it had a comparative advantage, and donors were encouraged to support UNCTAD's Plan for "Capacity-building and technical cooperation for developing countries, especially LDCs and economies in transition in support of their participation in WTO Doha Work Programme", in parallel with its ongoing programmes. UNCTAD technical assistance work should focus on long-term capacity and institution building, including programmes for "training for trainers". The analytical work of UNCTAD was commendable in such areas as investment, agriculture, transfer of technology and implementation issues, and it should be intensified. Donors were urged to provide the necessary support to UNCTAD to ensure predictability in its analytical and operational work. The outcomes of a series of development-related conferences, including the United Nations

Millennium Summit, the Monterrey International Conference on Financing for Development, and the Johannesburg World Summit on Sustainable Development, needed to be fully implemented and reflected in the trade policy discussion within the framework of the WTO. It was also important that development agencies ensure inclusive regular consultations and coordination to increase the effectiveness of their activities.

180. The representative of **Denmark**, speaking on behalf of the **European Union**, expressed appreciation for efforts by the UNCTAD secretariat to relate UNCTAD activities to the post-Doha process and encouraged the secretariat to further strengthen the focus on this issue that was so important for the promotion of sustainable development. Assistance related to the post-Doha process was focussed primarily on short-term aspects related to the ongoing negotiations, but part of the follow-up also involved long-term assistance in the area of trade in general. These two elements should be interlinked.

181. UNCTAD had a long tradition of providing trade-related assistance. The Doha Ministerial Declaration had also singled out UNCTAD as an organization with a particular role in the field of investment and competition. He appreciated the secretariat's efforts to continue and, to a certain degree, refocus these activities by mainstreaming the Doha Development Agenda into its work where relevant. The work of UNCTAD's intergovernmental machinery also played an important role in the post-Doha process; for example, some of the recent expert meetings had been very useful in addressing issues of relevance to the WTO work.

182. The representative of the **European Community** said that trade had a large potential contribution to make in terms of economic growth, increased revenue and ultimately national development and the reduction of poverty in the world. In this context, he stressed the importance of access to markets in both the North and South; regional cooperation and development of regional markets; transparency and non-discrimination, particularly in the field of rule-making; and workable special and differential treatment provisions conducive to development. Under the Doha "bargain", developing and low-income countries were themselves responsible for defining their national economic, fiscal and social policies; for their part, developed members of the WTO were committed to supporting developing countries in their efforts to integrate trade into their national policies and to providing technical assistance and support for the development of their capacity to trade.

183. In that connection, the European Commission had recently set out its response to the Doha, Monterrey and Johannesburg Conferences in a communication to member States and the European Parliament. The Communication focussed on trade and development and the way in which the European Union intended to assist developing countries. It was the European Union's intention to support developing countries in integrating trade into their national policies, particularly through: (a) intensification of the dialogue on the allocation of funding to trade; from 2003, the European Union would systematically include trade in its mid-term reviews of Country and Regional Strategy Papers; (b) concentration on long-term commitments to develop national capacities to trade and attract investment step-by-step; (c) a commitment to enhance the effectiveness of the European Union's support through better coordination with its member States and other bilateral and multilateral donors; (d)

commitment to the least developed countries through promotion of the Integrated Framework for LDCs and contributions to the Integrated Framework Trust Fund. In this respect, both the member States and the Commission had agreed to assume the role of “facilitator” in at least seven of the 14 countries that benefited from IF support; (e) succeeding the United Kingdom as donor representative on the Integrated Framework’s Inter-Agency Working Group, and contributing together with Canada to the further development of the Integrated Framework.

184. The representative of **Indonesia**, speaking on behalf of the **Asian Group and China**, drew attention to the importance of ensuring that all countries enjoyed the potential gains from a more interdependent world economy. The Doha Ministerial Declaration recognized the need to place the needs and interests of developing countries at the heart of the Work Programme. However, major events in the outside world had affected the negotiations, and in particular the application of various protectionists measures had had an adverse impact on the economic situation in developing countries. The development-related provisions of the Doha Declaration should take concrete shape and the concerns of developing countries should be met prior to the Fifth Ministerial Meeting. Developed countries should indicate clearly what they were prepared to do in their markets in the interest of developing countries.

185. In spite of the rapid integration of many developing countries into the multilateral trading system, the benefits had fallen short of expectations. Not much progress had been achieved under the Doha Work Programme on the issues of particular interest to developing countries; no concrete remedial action had been agreed on implementation issues or with regard to the review of all special and differential treatment provisions in WTO Agreements. Stronger commitments had to be accepted and greater flexibility shown by developed member countries, the existence of different stages of development had to be acknowledged, and obligations should not be imposed on economies that were not able to fulfil them.

186. Development-related issues should be at the core of ongoing substantive negotiations. His Group attached utmost importance to the negotiations on agriculture, where trade-distorting export subsidies and other non-tariff barriers were tolerated at the expense of developing countries. Without a concrete commitment to remove these barriers and ensure that non-trade concerns of developing countries were fully accommodated, the negotiations could not conclude successfully. In the services sector, the developing countries would need to evaluate the impact of requests on their services sectors, as well as to put forward their own requests. There was need for flexibility in mode IV and a concrete capacity building programme to ensure the operationalization of Article IV, as well as the completion of negotiations on Emergency Safeguard Measures. In relation to market access for non-agricultural products, modalities should be agreed to provide for maximum cuts in tariff peaks and tariff escalation affecting developing country exports, and consideration should be given to possible adverse effects on developing countries from preference erosion. His Group also attached great importance to negotiations under the Agreement on Anti-Dumping and on Subsidies and Countervailing Measures.

187. It would be important to provide assistance to developing countries seeking accession to WTO, and accession should be based on terms neither exceeding nor unrelated to commitments of other developing countries and LDCs already members of WTO. UNCTAD

could provide assistance in this area, as well as capacity building assistance in the area of international trade policy and development strategy. His Group requested UNCTAD to prepare analytical studies on market access for agricultural and non-agricultural products, in particular textiles and clothing.

188. The representative of **Barbados**, speaking on behalf of the **Latin American and Caribbean Group**, highlighted the need to examine work being carried out in the WTO from the perspective of the development concerns of developing countries. UNCTAD could address the linkages between finance and trade, supply capacity and market access, technology and investment, and competition, but its human and financial resources were very limited, and that negatively affected its assistance programmes. His Group's priority was the need for sustained capacity and institution building initiatives. Assistance provided by the WTO on the legal framework of trade rules was equally valuable. There was thus strong complementarity between UNCTAD's assistance and that offered by the WTO, pointing to the desirability of formulating joint technical assistance activities of the WTO and UNCTAD in the area of trade policies and trade negotiations.

189. There was a clear relationship between trade and economic growth. A true "development agenda" must be a balanced agenda in which concerns of all members were taken into account. Further liberalization should proceed in a manner that yielded clear and concrete results; his Group was against liberalization that was not properly managed and did not take into account the development needs of the developing countries.

190. A principal objective of his Group for future negotiations was to secure improved market access to permit diversification of productive sectors for goods and services of export interest to countries in the region. Other objectives included the need to resolve outstanding implementation issues, including those relating to special and differential treatment, as well as to ensure that work under way on the TRIPS Agreement allowed countries to meet their public health needs effectively. A clear development content should also be given to trade rules that would be part of the single undertaking to be shaped at the end of the process, including for antidumping and subsidies, as well as for rules governing trade in agriculture and in services. With regard to agriculture, there must be reductions in export subsidies and trade-distorting domestic support by countries where these practices continued.

191. In the area of services, Latin American and Caribbean countries were preparing their requests, some of which had already been submitted. The liberalization of the Latin American and Caribbean services sectors had proved more profitable for firms in some developed countries than for those in the region; in some instances anticompetitive practices had distorted the results of liberalization, and in others a lack of appropriate technology had led to the poor performance of local services providers. His Group voiced its concern over whether credit would be given for the autonomous liberalization undertaken by the developing countries within the framework of their national reform policies. Commitments already undertaken or requested of the countries of the region might conflict with their development needs and in some instances appeared to extend beyond commitments under consideration by developed countries.

192. Asymmetries continued to appear in various proposals being discussed as part of the Doha Work Programme. Such asymmetries would continue to present obstacles in the negotiations because of the inherent failure to support the legitimate aspirations of the developing countries. At the same time, a development agenda must recognize, at a fundamental and a priori level, that developing countries required appropriate flexibility to undertake economic policies consistent with their development needs.

193. The representative of **Morocco**, speaking on behalf of the **African Group**, emphasized that, between Seattle and Doha, the macro-economic situation of African countries had been characterized by the fall of commodity prices in world markets, persistent debt which jeopardized development efforts, weak capabilities to attract FDI, and a rise in poverty. This had been recognized at the recent international conferences, particularly in Monterrey and Johannesburg.

194. African countries hoped that technical assistance and capacity building would enable them to participate more actively in the multilateral trading system in the framework of the development round, as agreed in Doha. In this respect, he commended UNCTAD's post-Doha technical assistance plan; it was clear that the expertise and support of UNCTAD were crucial in the areas of investment, competition, S&D treatment and trade facilitation. African countries considered that the UNCTAD's post-Doha technical assistance programme should, in particular, be focused on key issues of the WTO agenda such as negotiations on services and agriculture; reform of S&D treatment and implementation; Singapore issues; and accessions, particularly those of African countries. In addition, priority attention should be given to strengthening technical capacities of African negotiators.

195. The African Group supported the active involvement of UNCTAD in the technical assistance plans of the WTO. The regional approach should be strengthened by the conduct of training courses, seminars and workshops. Two recent pilot projects involving courses in Nairobi and Casablanca were a good illustration of new directions for responding to the needs of African countries. Special consideration should be given to African LDCs, in particular by reinforcing JITAP, giving more specificity to the Integrated Framework, and implementing accelerated procedures for WTO accessions.

196. The African Group also thought that the establishment of two new WTO working groups on debt and transfer of technology provided an opportunity to expand the post-Doha work programme by including those issues of special importance for African countries.

197. He emphasized the need to provide stable and predictable financing for the implementation of the work programme. At the last pledging conference at the WTO on 11 March 2002, substantial contributions to the Doha Development Fund had been announced. The African Group expressed gratitude for this and encouraged countries to commit themselves firmly to a genuine development round.

198. The representative of **Japan** noted the role of UNCTAD as the central forum within the UN system for following up the Doha Development Agenda, with particular emphasis on LDCs and African countries. He reiterated Japan's continued support for UNCTAD's efforts to respond to developing countries' needs as part of the follow-up to the Third UN

Conference on LDCs. Trade had a far greater impact on economic growth than official development assistance.

199. A number of issues were of particular importance in the post-Doha process. First, improving market access was imperative, and Japan was in the process of expanding the product coverage of tariff-free and quota-free market access for exports from LDCs; the new scheme was expected to enter into force as of 1 April 2003. Second, concerning trade-related technical assistance, Japan had contributed SFr. 1.5 million to the Doha Development Agenda Global Trust Fund, created right after the Doha Ministerial Conference. The Technical Assistance Plan of the WTO would benefit greatly from UNCTAD's active involvement and substantive contributions, especially in the area of "Singapore issues" such as investment and competition. Japan reiterated its readiness to make a financial contribution for the Intensive Training Course for Asia and the Pacific to be implemented jointly by WTO and UNCTAD later in the year. Japan also invited UNCTAD to participate actively in a planned workshop on investment co-organized by WTO and the Japan International Cooperation Agency (JICA) towards the end of the year. His country also attached great importance to special and differential treatment (S&D) for developing countries as an essential tool to help developing countries participate effectively in the multilateral trading system. Japan would continue to participate actively in the on-going debate on S&D in the WTO, with a view to making S&D treatment provisions effective without damaging the integrity of WTO agreements and to accommodate specific difficulties faced by individual developing countries.

200. The representative of the **Islamic Republic of Iran** said that the multilateral trading system was faced with a serious challenge in terms of delivering its promise of development to developing countries. While the Doha Agenda indeed focused on issues of interest to developing and least developed countries, mechanisms would have to be found to ensure that the mandate was implemented effectively. While the WTO Agreements and most recently the Doha Ministerial Declaration emphasized the need to grant special and differential treatment (S&D) to developing and least developed country members, its application had been subjected to the discretion of major trading powers. The S&D treatment provisions of the WTO Agreements should therefore be made mandatory and binding. Other important issues concerned improving market access and eliminating market distortions, especially in the agricultural sector; giving special consideration to the needs of developing countries in the services negotiations, particularly on the movement of natural persons; focusing on implementation of existing agreements and obligations; and providing technical cooperation to improve developing country Members' capacities.

201. On accession issues, the prolonged accession process and the unrealistic accession terms demanded of acceding countries were in contravention of the provisions on special and differential treatment for developing countries and the supposedly non-reciprocal nature of the accession process. He expressed disappointment over the fact that his country's formal application to join the WTO, six years previously, had still not been favourably considered owing to the principle of consensus of the organization. In this regard, he expressed his country's hope that UNCTAD and other relevant organizations would engage more actively

in assisting acceding countries to realize their aims of becoming WTO members more quickly.

202. The representative of **Bangladesh** said that, despite assuming the onerous burden of implementing the Uruguay Round Agreements, his country had not received the concomitant benefits expected from the Uruguay Round. At Doha, the WTO members had committed themselves to putting developing countries' needs and interests at the heart of the work programme, frequently referred to as a "development agenda". In this respect, concerted multilateral efforts outside WTO were important to help his country derive benefits from WTO negotiations, and support from UNCTAD was imperative in order to make the Doha Declaration a vehicle for development. UNCTAD could assist developing countries in respect in particular of market access, commodity trade, trade contingency measures, TRIPS and "Singapore issues".

203. In the area of market access for agricultural and non-agricultural products, the presence of tariff peaks, tariff escalation and non-tariff barriers in developed countries continued to impose unfair conditions on developing countries. Despite the progressive phase-out of quotas committed to by developed countries under the Agreement on Textiles and Clothing, Bangladesh found that existing quotas were still hampering its export prospects. Analysis by UNCTAD, for example of factors that impeded market access for products of interest to developing countries, would help developing countries improve their research and analytical capacity for the ongoing negotiations. Concerning exports of primary commodities, world prices had been declining, leading to worsening terms of trade. UNCTAD should review the experience of various commodity agreements and recommend ways to obtain reasonable earnings for primary-commodity-exporting developing countries. Concerning contingency trade measures, UNCTAD should increase its activities to support developing countries, particularly LDCs, in preparing for safeguard actions and anti-dumping measures. As regards intellectual property rights, developing countries including Bangladesh were assuming obligations under the TRIPS Agreement and other international agreements without understanding their full implications, while the promise of transfer of technology as reflected in paragraph 66.2 of the TRIPS Agreement had not been realized. Developing countries needed to build up institutional capacity to contribute to the current negotiations on TRIPS, as well as to expected negotiations on the so-called "Singapore issues", and he urged UNCTAD to continue technical assistance in these areas. Finally, his country faced a serious supply side constraints, and UNCTAD, together with other agencies, had a role to play to launch meaningful supply-side initiatives.

204. The representative of **Thailand** noted the new round's pro-development mandate and highlighted the need for determination and cooperation on the part of all WTO Members to fulfil the development objectives. With regard to trade in goods, substantial improvements of market access for products from developing countries could only be realized through substantial reduction and elimination of tariff and non-tariff barriers, clarification of ambiguous WTO rules, effective implementation of special and differential treatment, and increased technical assistance for capacity-building in negotiations. On trade in services, the principle of progressive liberalization should be pushed forward in the light of the right to phased-in liberalization for less developed country Members. Technical assistance from

UNCTAD was also important. A review of the TRIMS Agreement was also needed, as some of its provisions had reduced developing country Members' competitive advantages relative to developed countries. The GATS positive list approach, its development provisions and other safeguards could serve as a good basis for the negotiations on multilateral rules on investment.

205. On trade and competition policy, the importance of an effective competition policy was recognized, and international cooperation and technical assistance were important to further strengthen the competition regimes in developing countries and to support the survival of domestic industries. Special and differential treatment in the application of multilateral competition rules might be necessary owing to the different levels of supply-side capacity and export competitiveness of developing countries. On trade and environment, studies were needed on the relationship between trade agreements and MFAs, along with studies on environment-related provisions of the WTO that gave rise to restrictive trade practices. Finally, he commended UNCTAD's technical cooperation efforts, especially in building capacities for improved negotiating leverage and for the implementation of the WTO Agreements.

206. The representative of **Belarus** said that the post-Doha programme of work reflected the interests of developing countries but had to be followed by concrete actions. His country had introduced trade preferences for LDCs and was in favour of strengthening the provisions on special and differential treatment for developing countries in WTO. In increasing technical assistance to help countries prepare for the new Round, adequate attention should be given to the countries in transition, whether members of WTO or in the process of acceding to WTO. UNCTAD could help with analytical work to identify these interests with a view to providing countries in transition with more efficient technical assistance. Integration into the multilateral trading system should be regarded as an instrument contributing to the implementation of internal reforms and to stable economic development. Differences in levels of economic development and commitments undertaken by member countries would complicate future negotiations. UNCTAD should play an important role in preparing countries for negotiations, providing technical assistance and finding solutions acceptable to all groups. The financial resources for the implementation of technical assistance should be adequate and well managed, while the forthcoming negotiations should be development-oriented and take into consideration the results of the latest global conferences.

207. The representative of **Venezuela** endorsed the main conclusions of the *Trade and Development Report*, namely that the essential preconditions for developing countries to increase their participation in the global economy were the diversification of their exports and the export of value-added products. She also agreed that improved market access, increased financing and debt alleviation were important in helping developing countries to participate more successfully in the globalization process.

208. The world economy and international trade should not be neutral in respect of human development. In Venezuela, ways and means had been found to ensure that economic development was based on social justice, democracy, competition, efficiency and peace. The same principles should inspire the international community. The Doha negotiations should

pursue development as the main goal, otherwise the entire Work Programme would lose credibility. Developed countries that were closing their markets to imports from developing countries and were subsidizing their agricultural sector were acting against the interests of the multilateral trade system.

209. UNCTAD was in the best position to support developing countries in the effort to incorporate the development dimension in the multilateral and regional trade negotiations. Some issues, because of their complexity and relevance for developing countries, deserved special attention, including energy services, and she encouraged UNCTAD to keep working on that topic. UNCTAD should also support developing countries in the ongoing GATS negotiations, and especially in the request and offer process, to ensure that the liberalization of services markets would be linked to the strengthening of supply and export capacities in developing countries. Other areas where UNCTAD could provide special support were intellectual property rights, transfer of technology, and the interlinkages between trade and environment.

210. The representative of **Cuba** said that the effective implementation of the Doha Ministerial Declaration could correct the existing imbalances of the multilateral trading system and increase developing country trust in the system. A positive and fair conclusion of the present trade negotiations would depend, more than on the technicalities, on the flexibility that developed countries would show on crucial issues such as S&D, implementation, market access and transfer of technology. However, until now very little progress on these issues had been recorded.

211. Negotiations in new areas - the so-called Singapore agenda - should not start until clear results had been achieved in development-related issues, especially S&D, and, as agreed in Doha, a consensus should be reached at the Fourth Ministerial Conference before negotiations on investment and competition could be considered. The proliferation of unilateral trade measures jeopardized the functioning of the multilateral trade system.

212. Finally, developing countries were finding themselves in an increasingly difficult situation: exports were diminishing, foreign debt was increasing, poverty was more widespread than in the past, and epidemics were frequent. A new international order should be set up to correct the existing imbalances and support the development of all countries.

213. The representative of **Nicaragua** said that, in the post-Doha process, it was important that the developing countries not be excluded. She expressed concern in connection with the approaching deadlines set in the Fourth Ministerial Declaration in relation to negotiations, particularly for agriculture and with respect to special and differential treatment. Important issues to be taken up at the next WTO Conference in Cancun would include the second phase of work regarding special and differential treatment, and market access, especially for the agricultural sector. In this context, it would be important to work jointly and quickly to reach agreement on agricultural products as the essential element of a single undertaking. It was increasingly difficult to make decisions in the area of trade policies and finance that did not have important national and international social impacts. Finally, she requested UNCTAD to continue to assist developing countries in trade negotiations.

214. The representative of **Norway** said that one of the most important outcomes of the Doha Ministerial Conference had been the recognition that developing countries, and especially LDCs, should be benefiting more from the increased opportunities and welfare gains generated by the multilateral trading system. In this regard, enhanced market access, balanced rules and well targeted, sustainably financed technical assistance and capacity building programmes had central roles to play. In the new round, improved market access, especially for textiles and clothing and for agricultural products, was a central objective for the developing countries. Norway had abolished its last textile quota as of 1 January 2001 and had granted duty- and quota-free access to all products from LDCs as of 1 July 2002. With regard to technical assistance, the WTO secretariat, bilateral donors and other agencies should assist the LDCs in defining their need for trade-related technical assistance and capacity building. The WTO's technical assistance should be directly relevant to the negotiations and the implementation of commitments. Other needs must be met by other organizations, such as UNCTAD, and by bilateral donors within a coherent framework. Finally, Norway agreed that special and differential treatment provisions should not be means of prolonged or indefinite protectionism. The aim was to make sure that the such provisions were tailored to facilitate integration of developing countries into the multilateral trading system at a rate and on conditions commensurate with the individual country's level of development. Making special and differential treatment provisions more effective and operational would require clarifying which Members qualified as beneficiaries and which Members should be subject to obligations.

215. The representative of **China** said that the Doha mandate clearly aimed to help developing countries attain their development objectives in the multilateral trading framework by establishing effective measures of special and differential treatment for developing countries. The progress of the Doha mandate to date, however, had been slow, partly due to a negative attitude on the part of developed countries towards changing the inequities in the international trading system. He called upon all parties to abide strictly by the Doha spirit and time frame and take specific measures to resolve the issues of major concern to developing countries with a view to making the new Round a truly "Development Round". With regard to negotiations on agriculture, contrary to the commitments stipulated in the Doha mandate (i.e. substantial reductions in trade-distorting domestic support, substantial improvements in market access, and reductions, with a view to phasing out, of all forms of export subsidies), some developed countries had recently increased spending on subsidies for domestic support, thus creating new obstacles to the new round of the negotiations. Developed countries had to demonstrate their political will to abide by the commitment by substantially cutting agricultural tariffs, narrowing the gap between applied and bound tariffs, simplifying tariff structures, rationalizing their tariff rate/quota regime, limiting and reducing aggregate domestic support levels, and reducing and eventually eliminating export subsidies. As regards negotiations on market access for non-agricultural products, markets should be opened rapidly for products of particular interests to developing countries, such as textiles and clothing. Finally, the existing WTO agreement on anti-dumping lacked transparency and predictability, and there was an imbalance in the obligations undertaken by developed and developing countries. China supported efforts to strengthen disciplines to prevent abuse of anti-dumping measures and improve the rules of the existing anti-dumping agreement.

216. The representative of the **United States of America** said that the development dimension of Doha should address not only the growing need for liberalization of trade of developed countries, but also trade liberalization among developing countries. It was critical to find solutions to issues relating to TRIPs and health, improvement of S&D treatment and problems of implementation before the December 2002 deadlines.

217. Technical assistance to support the post-Doha process was a priority for his Government, and he emphasized his country's active position with regard to the WTO Trust Fund. In 2001, the United States' worldwide trade capacity building activities had totalled \$556 million, and this figure would continue to grow. These monies must be managed effectively.

218. The Doha Declaration gave UNCTAD a role in supporting negotiations at the WTO, specifically on investment and competition. Activities must not be duplicative, and UNCTAD should focus its work on areas of its comparative advantage and within the mandate of the Bangkok Plan of Action.

219. Trade and investment played a key role in poverty reduction and development in African countries and LDCs. Other important issues for developing countries included liberalization of global trade in agriculture and achieving greater access to developing country farmers; facilitation of WTO rules to allow poor countries to gain greater access to drugs needed to combat HIV/AIDs, malaria and other public health crises; and liberalization of global trade in services. UNCTAD should affirm its support for the spirit and commitments made in Doha and reject efforts of anti-free trade skeptics to thwart trade liberalization.

220. The implementation of the WTO post-Doha work plan represented an important opportunity to address the development concerns of developing countries. In Doha, nations had recognized the tremendous growth that resulted from connecting countries to the global market place.

221. In conclusion, he raised concerns regarding UNCTAD's policy advice under the positive agenda and its trade-related technical assistance programme. UNCTAD should focus on building domestic capacity to analyse issues before the WTO in the light of national interests. He wanted to avoid creating dependence on the UNCTAD secretariat. He formulated the same concerns about the post-Doha plan for technical assistance, which had been formulated and implemented without consultations with delegations. He requested information about the status of that plan.

222. The representative of **India** noted that the WTO system was based on the "single undertaking" and the principle of "one size fits all". This created a restrictive environment, particularly for industrial policies in such areas as TRIMs and subsidies. Developing countries were at a substantially different stage of development, and therefore had entirely different capacities as compared to developed countries in undertaking multilateral commitments and obligations, as well as benefiting from market access opportunities.

223. A substantial number of proposals had been put forth by developing countries aiming at the full integration of S&D treatment into the WTO rules. Without a new paradigm for S&D treatment, it would be a case of too little too late. Non-reciprocal concessions by developed countries to developing countries under the provisions of the GATT “enabling clause” had been meant to be extended on a non-reciprocal, non-discriminatory and generalized basis, but such concessions were actually being offered on a reciprocal basis and being made contingent on enhanced market access to developing countries. Unfortunately, there was lack of will on the part of developed countries to engage seriously on issues like S&D treatment. The same applied to textiles and clothing.

224. On implementation, he emphasized that all relevant deadlines had been missed. On poverty reduction and food security, developing countries had to maintain tariffs that were consistent with their development, trade and food security needs. Regarding the GATS, Article XIX needed to be operationalized, and meaningful market access had to be achieved in sectors and modes of particular export interest to developing countries, such as movement of natural persons. With regard to market access for goods, while the bound rates of tariffs in developed countries on non-agricultural goods were low on average, tariff rates on certain items of export interest to developing countries were still very high.

225. One of the major achievements of the Doha Ministerial Conference had been the Declaration on the TRIPS Agreement and Public Health. While technical discussions had taken place in the TRIPS Council, an adequate solution had to be found by the end of 2002.

226. Because of its mandate and its comprehensive development vision, UNCTAD was uniquely placed to help ensure that the Doha Agenda would not end up shortchanging the developing countries. Important tasks faced by UNCTAD included: (a) impact assessment and analysis of existing multilateral trade agreements; (b) identification of market access barriers faced by developing countries with a view to their reduction and elimination; (c) continuation of work on the “positive agenda”; (d) focussing policy analysis and consensus building on the development dimensions of the multilateral trade system. Other areas of focus included: (a) suggestions for operationalizing S&D treatment provisions in future agreements to defend development objectives; (b) proposals to amend the Agreement on Subsidies and Countervailing Measures to achieve more balance with regard to the interests of developing countries, with particular focus on export credits and domestic subsidies; (c) services, to help developing countries assess trading opportunities and to prepare them for the request process; (d) trade and environment; and (e) Singapore issues, particularly investment and competition. In addition, UNCTAD should come up with proposals on how the TRIPS Agreement could be made to better the technological development of developing countries, including operationalizing paragraph 4 of the Doha Ministerial Declaration on TRIPS and Public Health. Finally, UNCTAD’s work on electronic commerce should continue, with greater focus on developing country conditions and perspectives.

227. The representative of **Jordan** noted that, as a new member of the WTO, Jordan had derived great benefit from the technical assistance of UNCTAD. He looked forward to the further development of such programmes in the future, designed to meet more closely the needs of newly acceded countries. He noted that, in paragraph 9 of the Doha Ministerial

Declaration, the Ministers had admitted that the newly acceded countries had made excessive commitments, including Jordan.

228. Jordan was seeking to liberalize its trade and economy, but this should be done in accordance with its national developments needs. Jordan had finished its round of negotiations two years ago and had had to change and adapt its legislation, tremendously lowering its tariffs and thus losing one of the principal sources of government revenue. It had also liberalized its services sector and other sectors as well, but today it was being requested to liberalize even more. This would represent a heavy burden, and seemed hardly possible.

229. Finally, technical assistance was important, but it could not be the only form of assistance required. UNCTAD also had to establish training programmes designed to meet the specific needs and levels of commitments of the newly acceded developing countries.

230. The representative of the **International Confederation of Free Trade Unions** stressed the importance of the Johannesburg commitments on the need to incorporate social, economic and environmental considerations into sustainable development strategies, and the post-Doha work programme should take that into account. With reference to the GATS negotiations, she expressed concern that vital public services were not accessible to many populations. The World Trade Union Group had issued a common declaration, containing a number of principles that should be taken into consideration within the GATS negotiations.

231. Her organization was not opposed to any negotiation that contributed to job creation, higher salaries and economic development. But public services, including education and health services, were too important to be exposed to private sector competition, and countries should not be forced to privatize. The WTO “lock-in” principle should not be applicable when the liberalization of services led to socio-economic degradation. Further to article XIX of the GATT, an evaluation of the social, environmental and economic impact of negotiations was needed and should be done in cooperation with UN specialized agencies and trade unions. With respect to mode 4 on the movement of physical persons, negotiations should consider all aspects of protection of migrant workers. The issues being taken up in the negotiations were very important and should be discussed with the participation of representatives of parliaments and social partners.

232. The **Deputy Secretary-General of UNCTAD**, responding to points raised, emphasized that the post-Doha technical assistance plan had been distributed in the Commission on Trade in February 2002; the Secretary-General of UNCTAD, in his letter in mid-February to potential donors, had invited reactions to the plan; the Commission’s outcomes had been reported to the executive session of the Board that had endorsed the plan; a briefing session for all delegations on the post-Doha plan had been held on 22 July, when member States had been informed of the state of the implementation in detail; the matter had been further discussed in the Working Party, and the latest information on the implementation of the Programme provided. The secretariat intended to revisit the programme in the light of rapid developments in the negotiations, and member States would be consulted. Finally, with regard to the commercial diplomacy programme, activities could not be standardized, because they were demand-driven.

Chapter VI

(Agenda item 7)

(a) **Review of the technical cooperation activities of UNCTAD**

233. For its consideration of this subitem, the Board had before it the following documentation:

- (a) "Overview of technical cooperation activities" (TD/B/49/4 and Add.1 and 2);
- (b) "Indicative plan of UNCTAD's technical cooperation programmes for 2003" (TD/B/49/5);
- (c) "Review of the technical cooperation activities of UNCTAD – draft decision" (TD/B/49/L.1);
- (d) "Financing the participation of experts from developing countries and countries with economies in transition in UNCTAD's expert meetings – draft decision" (TD/B/WP/L.108);
- (e) "Evaluation of technical cooperation activities – agreed conclusions" (TD/B/WP/L.109).

234. The **Head of the Resources Management Service of UNCTAD** expressed appreciation for the continued support and contributions of bilateral and multilateral donors for UNCTAD's technical cooperation activities. The thrust of UNCTAD's operational activities was to assist beneficiary countries in their efforts to integrate into the world economy, and they therefore focused on human and institutional capacity building, while not losing sight of immediate needs and requirements for technical assistance for which short-term interventions were required. That focus implied that technical cooperation was demand-driven, designed and implemented in consultation with all national and regional stakeholders, and provided in close partnership with other providers of trade- and investment-related technical assistance in accordance with respective mandates, expertise and comparative advantages.

235. The Working Party had concluded that UNCTAD technical cooperation needed to be further streamlined and focused on areas in which UNCTAD had a mandate, proven expertise, and a clear comparative advantage. Resources permitting, UNCTAD would continue to provide technical assistance to beneficiary countries in areas of their needs and based on priorities identified by them. However, in the light of the absorptive capacity of UNCTAD for delivery of technical cooperation, there was a need for prioritization of activities. Of course, continued and additional support was required to maintain the current

level of assistance. He assured beneficiary countries that UNCTAD would continue to maintain a balance among all its technical cooperation programmes.

236. Development aid strategies had been redefined to support poverty reduction, and many donors included trade- and investment-related technical assistance in those strategies. In plans or programmes of action that had recently been developed by a number of bilateral and multilateral donors in support of the Millennium Development Goals, special focus had been given to building capacity in trade and investment. For example, the Commission of the European Communities had spelt out the way in which the EU could fulfil its global commitments in support of the efforts of developing countries to better reap the benefits of trade and investment, including through support for multilateral initiatives in collaboration with multilateral agencies and more efficient cooperation with agencies providing trade-related technical assistance, such as UNCTAD.

237. The **Chairperson of the Working Party on the Medium-term Plan and the Programme Budget at its thirty-ninth session** reported on the deliberations of the Working Party and recommended the adoption of draft decision TD/B/49/L.1 by the Board.

238. The representative of **Egypt**, speaking on behalf of the **Group of 77 and China**, reiterated the position of his Group on the issues of prioritization and the absorptive capacity of UNCTAD for the delivery of technical cooperation activities. Any action on prioritization should be based on a clear decision by member States. With regard to absorptive capacity, the views of the Group had been clearly defined during the session of the Working Party. He expressed the general satisfaction of his Group with the results of UNCTAD's operational activities, which had contributed significantly to national development policies. It was imperative that UNCTAD continue to play its role in assisting the developing countries within its mandate. The support and commitment of the international community, including developing and developed countries, were essential to allow UNCTAD to fulfil its mandate. The increasing contributions of developing countries to UNCTAD's trust funds were a clear sign of support for and commitment to UNCTAD's work. Expressing appreciation to development partners for their support, he invited them to further enhance that support in order to meet the increasing demand for UNCTAD work and to make available the additional resources required to increase the absorption capacity of UNCTAD in areas where demand continued to grow.

239. His Group wished to highlight the efficiency of programmes such as the Trade Point programme, ASYCUDA, work related to transport and transit, ACIS, DMFAS, EMPRETEC, and investment policy reviews, and it called upon UNCTAD to launch new projects in those areas. With regard to WTO-related work, from the developing countries' point of view such activities had the same level of importance as other UNCTAD technical cooperation activities, and it called upon all stakeholders to provide sufficient support to all UNCTAD technical cooperation programmes. His Group also called for the full implementation of

paragraph 166 of the UNCTAD X Plan of Action and welcomed the utilization of developing countries' expertise in the operational activities of UNCTAD. Finally, his Group stressed the importance it attached to all the different areas of UNCTAD's mandate.

240. The representative of **Denmark**, speaking on behalf of the **European Union and the countries seeking accession to the European Union (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, as well as Cyprus, Malta and Turkey)**, said that the primary consideration for all technical cooperation activities of UNCTAD was that they should focus on the needs of developing countries and in particular the least developed countries in order to contribute to global efforts to reduce poverty. They should be restricted to areas in which UNCTAD had a mandate and a demonstrated comparative advantage. Having a large number of small projects put a heavy strain on UNCTAD's resources. Having fewer but larger high-priority projects would improve the effectiveness of UNCTAD operational activities.

241. He urged the secretariat to follow up on the discussions and the outcome of the Working Party, and in particular those related to prioritization of activities, capacity building, updating of the strategy for technical cooperation, and enhanced coordination of activities with other relevant organizations, in particular in the context of the implementation of the Integrated Framework. The EU placed particular emphasis on WTO-related work. On capacity building, the European Union particularly encouraged the secretariat to strengthen the emphasis on cooperation with national institutions and training of trainers and to reassess activities where impact was low in relation to the resources involved. On the issue of prioritization, the European Union believed that it was the prerogative of the Secretary-General of UNCTAD to manage the resources of the organization.

242. The representative of **Portugal** emphasized her country's commitment to the provision of trade-related technical assistance and informed the Board in that context that the Portuguese Government had made a contribution of \$120,000 to finance UNCTAD's activities in the areas of trade and investment and accession of Portuguese-speaking least developed countries to WTO.

243. The representative of **Madagascar**, speaking on behalf of the **African Group**, recalled the fundamental mandates of UNCTAD and the necessary complementarity between UNCTAD's analytical research work and its technical cooperation activities. Such activities assisted developing countries in their development efforts and in integrating into the global economy and the international trading system. In that regard, he stressed the importance of UNCTAD's post-Doha programme of capacity building and technical cooperation and its early implementation. Doha deadlines were approaching, some had already passed, and UNCTAD must become more intensively involved in order to extend its expertise to the African region. He expressed general satisfaction with UNCTAD's technical cooperation activities, but regretted the decline in UNCTAD technical cooperation for the African region

and expressed concern at the reduction in the financial resources available in the LDC Trust Fund, which was one of the main sources of financial support for UNCTAD technical cooperation activities. He expressed gratitude to donors for their generous contributions and called upon them to further enhance their support to allow UNCTAD to respond to the numerous requests from beneficiaries, in particular African countries. He commended the secretariat for its good cooperation with other intergovernmental organizations, in particular in the context of the Integrated Framework and JITAP. He expressed support for Phase II of that Programme and its extension to other countries.

244. The representative of **Indonesia**, speaking on behalf of the **Asian Group and China**, commended the secretariat for the quality of its technical cooperation programmes. He stressed the importance of improving the enterprise sector through capacity building activities. Activities in the areas of transport facilitation, e-commerce, customs reform and investment promotion were particularly important in that regard. He noted the importance of improving coordination with other development agencies to ensure the delivery of effective technical cooperation. His Group expressed its appreciation to bilateral donors for their generous support to UNCTAD technical cooperation activities but expressed concern at the continued decline in UNDP resources.

245. Developing countries continued to be marginalized in world trade and were badly in need of human and institutional capacity building. He expressed concern at the delays in the implementation of the UNCTAD post-Doha Programme of technical assistance. A more focused approach to technical cooperation programmes should be directed at addressing the increased needs of developing countries, but that should not be to the detriment of activities that represented a priority for them. He concluded by highlighting the trade-related supply constraints facing many developing countries.

246. The representative of **Cuba**, speaking on behalf of the **Latin America and Caribbean Group**, noted with satisfaction the increased share of his Group in overall expenditures in UNCTAD technical cooperation, as well as the increase in the variety of the technical cooperation programmes carried out in the countries of the Group. He hoped that further efforts would be made to offer high-quality technical assistance to the countries of his region, commensurate with needs and requirements. Technical cooperation programmes were instrumental in developing the local capacity of developing countries and building up and strengthening their institutions, and it was against that background that his Group attached particular importance to the operational activities of UNCTAD.

247. His Group welcomed the recent evolution with regard to development aid and in particular the emphasis placed on poverty reduction and trade- and investment-related technical assistance in development strategies of an increasing number of donors. He hoped that countries in his Group would fully benefit from those initiatives. He underlined the importance of capacity building as a long-term objective of technical assistance through

better coordinated and well targeted interventions. That focus should not, however, impair immediate and short-term interventions that would continue to be required. Expressing appreciation to bilateral and multilateral donors for their financial contributions, he called upon traditional and potential donors to provide support to UNCTAD technical cooperation activities in order to ensure effective sustainability of programmes. The deliberations and outcome of the September session of the Working Party had sought to enhance the overall delivery of technical cooperation services in terms of both quality and quantity. He called upon the secretariat to follow up on the outcome and to carry out the proposed consultations.

248. The representative of the **Islamic Republic of Iran** recalled that UNCTAD had assisted developing countries in establishing a more efficient link between trade and development for more than three decades. Economic and social development were the key components of peace and conflict prevention, and the United Nations Millennium Goals could be better achieved through a more active participation of UNCTAD as a forum for intergovernmental discussions and consensus building. UNCTAD had been mandated to assist developing countries in their accession to WTO. The complementarities between the two organizations needed to be reinforced, so that the WTO regulated trade regimes and UNCTAD shaped development strategy. In that connection, it was necessary to enhance UNCTAD's regular and extrabudgetary resources.

249. Allocation of resources would play an important role in UNCTAD's future activities, and in that connection he highlighted the need for a more equitable distribution of resources and prioritization of areas of activity. Tailor-made national projects produced more tangible results. He proposed the establishment of an UNCTAD network of trade trainers to take advantage of the expertise of those trade researchers or trainers in developing countries who could participate in UNCTAD research activities.

250. His country had benefited from some important UNCTAD technical cooperation programmes. UNCTAD capacity building was not an objective per se, but rather a means to enable developing countries to define strategies and facilitate their integration into the multilateral trading system. It was therefore imperative for UNCTAD to provide assistance to WTO-acceding developing countries.

251. The representative of **China** noted that adequate financial resources were a key element in the successful implementation of UNCTAD technical cooperation activities. Fluctuations in resources would in the long run undermine the capacity of UNCTAD to deliver its technical cooperation activities. In that regard she expressed concern at the decline in total contributions to UNCTAD trust funds in 2001, resulting in a fall in expenditures in the African and Asian regions. She called upon donors to increase their support and ensure predictability of resources. She encouraged the secretariat to further broaden and strengthen its cooperation and coordination with all relevant development agencies and strongly endorsed the UNCTAD post-Doha capacity building and technical cooperation programme;

that programme represented a key instrument for the successful outcome of future multilateral trade negotiations and an essential contribution by UNCTAD in helping developing countries to formulate more effective trade policies in support of poverty alleviation and sustainable development. At the same time, the programme should be better coordinated with WTO activities.

252. The representative of **Benin**, speaking on behalf of the **least developed countries**, commended the secretariat for the quality of its technical cooperation activities, which served as a tool for the effective integration of developing countries into the multilateral trading system. In particular, he stressed the importance of programmes such as JITAP, TRAINFORTRADE, ASYCUDA, CAPAS and the Integrated Framework. He invited donors to increase their support for these important activities.

253. The representative of **Belarus** said that her Government attached great importance to UNCTAD's technical cooperation, and she expressed full satisfaction with the way the secretariat was implementing its technical cooperation activities, in particular those related to ASYCUDA, DMFAS, enterprise development and electronic commerce. She underlined the importance attached by her country to investment policy reviews. She also stressed the need to train experts in issues related to WTO accession in the framework of post-Doha technical assistance. Finally, she referred to the implementation of paragraph 166 of the Bangkok Plan of Action and requested the secretariat to consider the organization of special study courses for countries with economies in transition, which lacked expertise on WTO-related issues.

254. The representative of the **United States of America** said that one of the things that his country most appreciated about UNCTAD's technical cooperation was UNCTAD's willingness to evaluate its programmes to ensure that resources were best used to benefit developing countries. He expressed appreciation for the efforts made to implement results-based reporting and analysis. He reiterated his support for the need to refine and improve UNCTAD's technical cooperation programmes, which would necessarily include prioritization. Extrabudgetary contributions had been relatively stable over the past few years, ranging from \$23 to \$25 million a year. A further increase of activities, as called for by the Group of 77, would have implications for the absorptive capacity of the secretariat. He looked forward to a broad discussion of these issues in the run-up to UNCTAD XI. In the interim, it was completely within the authority of the Secretary-General of UNCTAD to best manage the resources of the secretariat within its mandate.

255. The representative of **India** stressed the unique role played by UNCTAD within the United Nations system as the organization that developing countries saw as the forum where development dimensions were pursued. In the post-Doha period, UNCTAD's technical assistance had to play a major role in sustainable and enduring capacity building. Developing countries collectively expected that UNCTAD's resources be increased for that purpose. She requested the secretariat, in its analytical and technical cooperation work, to reflect the

interests of all developing countries and to allocate existing resources in such a way as to respond to the needs expressed by developing countries. There was, for example, a need for targeted studies that would help developing countries participate fully in the multilateral trade negotiations. Through its technical cooperation, UNCTAD could take the lead in facilitating the negotiations and giving them the right thrust to help realize the development dimension. Capacity building needed to be targeted and specifically take into account the needs of users. UNCTAD had a unique comparative advantage in that regard, in particular in areas such as competition policies, investment, services and technology transfer

256. The representative of **Switzerland** underlined the importance of technical cooperation as an essential instrument for the integration of developing countries into the world economy. When it came to UNCTAD, he stressed the need for a more focused approach to these activities based on clear comparative advantage. Only the most efficient activities should be pursued, and the secretariat should avoid scattered efforts. Switzerland was in the process of identifying new areas within the UNCTAD programme of technical assistance to which it could extend its support. It had also decided to contribute \$1 million to replenish the Quick Response Window to finance technical cooperation activities in the field of investment promotion. Finally, he expressed appreciation for the independent evaluation conducted on capacity building and called upon the secretariat to ensure follow-up of its recommendations. He also welcomed the Working Party's decision to include a discussion on performance indicators in the agenda of its next session.

257. The representative of **Norway** said that UNCTAD had an important role to play in assisting developing countries, in particular LDCs, to participate more fully in global trade negotiations and the multilateral trading system. In that regard, UNCTAD's contribution to comprehensive and targeted technical assistance was specifically mentioned in the Doha declaration. Resources for technical cooperation had to be spent in the most effective and efficient way, and in order to achieve this objective, activities should be demand-driven and ownership by the recipient should be ensured. To ensure efficiency and effectiveness, technical assistance should be based on the institution's comparative advantage and focus on priority areas, economies of scale had to be achieved, and external and internal coordination had to be strengthened further. Interagency programmes such as JITAP and the Integrated Framework should receive the dedicated engagement of UNCTAD and of other participating agencies. She stressed the importance of evaluation and impact assessment indicators, welcomed the evaluation conducted on capacity building activities, and urged the secretariat to follow up on the recommendations. She expressed satisfaction with the strong focus on the least developed countries in UNCTAD's technical assistance, and she noted with satisfaction the continued high level of bilateral contributions, in particular the substantial increase in contributions from developing countries, a clear indication of ownership on the part of recipient countries. Finally, she reiterated the strong commitment of her country to UNCTAD technical cooperation activities and the continued support it intended to extend in the areas of investment, debt and competition, in particular in support of LDCs.

258. The **Head of the Resources Management Service of UNCTAD** recalled that the secretariat intended to initiate consultations with the regional coordinators soon with a view to updating UNCTAD's technical cooperation strategy. With regard to the proposal by the Islamic Republic of Iran on the establishment of an UNCTAD network of trade trainers, he announced that UNCTAD had recently received a limited amount of extrabudgetary resources that could allow for a number of scholars from developing countries to undertake research projects in UNCTAD in Geneva, as research fellows, for a period of approximately three to six months.

Chapter VII

CLOSING STATEMENTS

259. The **Deputy Secretary-General of UNCTAD** said that the Board's discussions had provided important insights into the topics on the agenda. The secretariat was encouraged by the support expressed for its work, and it was grateful for the guidance received for its future activities. He noted that no agreed conclusions had been adopted on agenda items 3 and 6, but that was due to the nature of the topics involved. Finally, he paid tribute to Mr. Bernard Chidzero, Former Minister of Finance, Economic Planning and Development of Zimbabwe and former Deputy Secretary-General of UNCTAD, who had died on 8 August 2002.

260. The representative of **Algeria** said that the summaries of statements contained in the Board's reports were not always adequate. He suggested that verbatim records be produced after the end of Board sessions.

261. The representative of **Denmark**, speaking on behalf of the **European Union and the countries seeking accession to the European Union (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, as well as Cyprus, Malta and Turkey)**, said that coherence was important, and in that connection the participation in the Board's session of representatives of other institutions and agencies was welcome. The discussions on the Doha process had been particularly relevant. With regard to the agreed conclusions on LDCs, UNCTAD must ensure close strategic coordination with the High Representative for LDCs, Landlocked Developing Countries and SIDS in order to ensure that UNCTAD delivered an effective and appropriate contribution, within its mandate, to the implementation of the Brussels Programme of Action. Concerning Africa, the EU had shown its commitment to African development in many ways, including through the Cotonou Agreement, allocation of ODA and support for NEPAD. It therefore regretted the Board's lengthy discussions on its agreed conclusions; the Board should not try to renegotiate commitments that fell within the competence of the General Assembly, the governing bodies of other organizations, and conferences. The EU remained to be convinced of the usefulness of agreed conclusions, which, if needed, should be focused on directing UNCTAD's work in support of shared objectives. With regard to technical cooperation, the secretariat should make its activities more effective, underlining the importance of evaluation and implementation of resulting recommendations. Considerable focus should be put on support for developing countries in the attainment of the objectives of the Doha Development Agenda. On the question of workload, there was a limit to the secretariat's capacity to deliver, and the secretariat should identify clear priorities for its work, in particular in its budget proposals. UNCTAD XI should also establish clear priorities for UNCTAD's work and its contribution to the Millennium Development Goals. The secretariat should provide information on its thoughts for topics for the Conference and on the preparations and timing of the Conference.

262. The representative of **Egypt**, speaking on behalf of the **Group of 77 and China**, said that setting any priorities required clear guidance and approval from member States, and that the secretariat could not operate unilaterally in this matter. Members wishing to raise this issue should do so in the appropriate forum i.e. the preparations for UNCTAD XI in order to discuss it.

263. Speaking on behalf of his own country, he requested that consultations begin with a view to reaching a decision on the use of Arabic and Chinese in ITC.

264. The representative of **Benin**, speaking on behalf of the **least developed countries**, said that the central concerns of UNCTAD must be development, the fight against poverty and the better integration of developing countries into the world economy.

265. The representative of **Switzerland** said that, in the context of the preparations for UNCTAD XI, the aim should be to rationalize UNCTAD's activities on the basis of its comparative advantage and the need to avoid dispersion.

266. The representative of **South Africa**, speaking on behalf of the **African Group**, said that the Board's agenda had been substantive and relevant. NEPAD had now to be implemented, and that would require the support of the international community, including UNCTAD.

267. The representative of **Uganda** said that the Board's agreed conclusions represented a clear demonstration of its members' willingness to support the development goals of the LDCs and Africa, and he looked forward to their implementation. It was important for the Board to reach agreed conclusions so as to give the international community and UNCTAD clear guidance on the way forward. The guidelines established by the Mid-term Review for the intergovernmental machinery had been followed.

268. The representative of **Japan** said that his country would be making a substantial contribution to the preparations for the International Ministerial Meeting of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation, to be held in 2003.

269. The representative of **China** said that UNCTAD was the think tank of the South, and it therefore had to produce policy analysis and suggestions. China thanked the UNCTAD secretariat for the chapter on China in the *Trade and Development Report*, and it would be studying the suggestions set out there. His country appreciated UNCTAD's role as a consensus-building forum, and it looked forward to working with UNCTAD on post-Doha activities, preparations for UNCTAD XI, and technical cooperation.

270. The representative of **Bangladesh** said that, in the discussions on agenda item 6, a number of suggestions had been made on areas in which UNCTAD could enhance its assistance, and the secretariat should take note of those suggestions. The participation in the Board's work of the High Representative for LDCs, Landlocked Developing Countries and SIDS was welcome, but it would be important to distinguish clearly between the mandates of the High Representative and of UNCTAD.

Annex

ATTENDANCE *

1. Representatives of the following States members of the Trade and Development Board attended the session:

Albania	Mozambique
Algeria	Nepal
Angola	Netherlands
Argentina	Nicaragua
Austria	Nigeria
Bahrain	Norway
Bangladesh	Oman
Barbados	Pakistan
Belarus	Panama
Belgium	Peru
Benin	Philippines
Bhutan	Poland
Bolivia	Portugal
Botswana	Republic of Korea
Brazil	Romania
Bulgaria	Russian Federation
Burundi	Saudi Arabia
China	Senegal
Colombia	Slovakia
Congo	South Africa
Côte d'Ivoire	Spain
Croatia	Sri Lanka
Cuba	Sweden
Czech Republic	Switzerland
Democratic People's Republic of Korea	Syrian Arab Republic
Democratic Republic of Congo	Thailand
Denmark	Trinidad and Tobago
Ecuador	Tunisia
Egypt	Uganda
El Salvador	Ukraine
Equatorial Guinea	United Arab Emirates
Ethiopia	United Kingdom of Great Britain and Northern Ireland
Finland	United Republic of Tanzania
France	United States of America
Germany	Uruguay
Ghana	Venezuela

* For the list of participants, see TD/B/49/INF.1.

Greece	Jordan
Guatemala	Kenya
Haiti	Libyan Arab Jamahirya
Honduras	Luxembourg
Hungary	Madagascar
India	Malaysia
Indonesia	Malta
Iran (Islamic Republic of)	Mauritius
Iraq	Mexico
Ireland	Morocco
Israel	Viet Nam
Italy	Yemen
Jamaica	Zambia
Japan	Zimbabwe

2. Representatives from the following States members of UNCTAD not members of the Trade and Development Board attended the session as observers:

Brunei Darussalam	Holy See
Kazakhstan	Palestine
Monaco	

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

African, Caribbean and Pacific Group of States
African Union
Common Fund for Commodities
European Commission
League of the Arab States
Organization for Economic Co-operation and Development
Organisation Internationale de la Francophonie

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

International Labour Organization
International Trade Center
United Nations Industrial Development Organization
World Bank
World Trade Organization

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

General Category

Christian Democratic International
International Committee for the Respect and the Application of the African Charter on
Human Rights and Peoples' Rights (ICRAC)
International Confederation of Free Trade Unions
World Confederation of Labour
World Federation of Trade Unions

6. The following special guests attended the session:

High-level segment – Keynote speaker

Mr. Supachai Panitchpakdi, Director General, WTO

Panelists

Interdependence (agenda item 3)

Mr. Wen Hai, Inchcape Professor of Economics, Senior Deputy Director, China Center for
Economic Research, Peking University

Mr. Bernard Hoekman, Research Manager of the International Trade Group in the Development
Research Group, World Bank

Mr. S.P. Shukla, former Ambassador of India to GATT and former Secretary for Development
of Women and Children, Commerce, and Finance

Mr. Adrian Wood, Chief Economist and Director of Economics, Business and Statistics
Division, Department for International Development, United Kingdom

Least developed countries (agenda item 4)

Mr. Patrick Guillaumont, Professor of Economics, President, Centre d'Etudes et de Recherches
sur le Développement International, Université d'Auvergne, Clermont-Ferrand (France)
Member, Committee for Development Policy (ECOSOC)

Mr. Constantine Michalopoulos, former Senior Adviser to the World Bank and the World Trade
Organization

Mr. Madhukar Rana, former Executive Director of the Centre for Economic Development and
Administration of Nepal, former Senior Adviser to the Government of Nepal

Mr. Adão da Silva Rocha, Former Minister of Industry and Energy of Cape Verde, international
consultant

Africa (agenda item 5)

Mr. Eugène Adoboli, former Prime Minister of Togo and former Executive Secretary of the Joint Inspection Unit, United Nations

Mr. Augustin Fosu, Director of Research, African Economic Research Consortium (AERC), Nairobi, Kenya

Mr. Thandika Mkandawire, Director, United Nations Research Institute for Social Development (UNRISD), Geneva

Mr. Adebayo Olukoshi, Executive Secretary, Council for the Development of Social Science Research in Africa (CODESRIA), Dakar, Senegal