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

Held at the Palais des Nations, Geneva,  
from 27 September to 2 October and on 10 October 2006

Volume II

**Summary of proceedings**

## **PREFACE**

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

All other matters relating to the fifty-third 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.

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\* See TD/B/53/8 (Vol. I).

## CONTENTS

<b>Chapter</b>	<b>Page</b>
I. Opening statements .....	4
II. Interdependence and global economic issues from a trade and development perspective: Global partnership and national policies for development.....	13
III. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001–2010 .....	25
IV. Economic development in Africa: Doubling aid – making the “Big Push” work.	29
V. Review of developments and issues in the post-Doha work programme of particular concern to developing countries .....	36
VI. UNCTAD’s contribution to the implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields .....	52
VII. Matters requiring action by the Board in the follow-up to the eleventh session of the Conference and arising from or related to reports and activities and other bodies .....	55
VIII. Other matters in the field of trade and development.....	57
IX. Institutional, organizational, administrative and related matters.....	58
X. Investment Policy Review of Rwanda.....	59
XI. Closing statement .....	63
<b>Annex</b>	
Attendance .....	64

## Chapter I

### OPENING STATEMENTS

1. The **outgoing President of the Trade and Development Board** said that over the past year, UNCTAD's various bodies and its secretariat had continued to play an important role in raising the profile of development issues for the attainment of internationally agreed development goals. UNCTAD had a mandate to discuss and promote trade development, and the related issues of finance, investment and technology, in an integrated manner. Through its research and its analysis of economic trends and through the publication of its flagship reports, it had provided policy inputs to Governments. In keeping with the spirit of the São Paulo Consensus, its activities were geared towards understanding international trends and making globalization development-friendly.

2. UNCTAD had contributed to high-level meetings organized by ECOSOC as well as many international conferences. It had also continued its technical cooperation activities to help build the capacity of the developing countries, countries in transition and least developed countries. The speaker was confident that, true to its mandate, UNCTAD would continue to carry out its responsibilities in a robust and comprehensive manner.

3. The **President of the Trade and Development Board** said that the UNCTAD Mid-term Review, the reform of the United Nations and the report of the Panel of Eminent Persons put UNCTAD at a crossroads. These processes should contribute to strengthening its role, improving its functioning and increasing the impact of its technical cooperation activities. UNCTAD had been created to reduce the inequalities between rich and poor countries in global trade through the integrated treatment of trade and development, as well as of the related issues of finance, technology, investment and sustainable development. The obstacles to development could be overcome through a collective effort in which all stakeholders assumed their responsibilities. The private sector, civil society and NGOs were increasingly important stakeholders at the national and international levels and must be fully integrated. In this new social contract, however, developing countries and LDCs must benefit from a sufficiently wide margin of action to define their policies.

4. UNCTAD should concentrate on issues of particular interest to developing countries and LDCs in order to help them benefit from globalization. In the context of the ongoing multilateral trade negotiations, UNCTAD should develop its work on consensus building on the main trade and development issues, indirectly facilitating the conclusion of the Doha Round and stimulating South-South cooperation. The latter should not be a substitute for North-South cooperation or for multilateralism. A favourable international environment and an open and equitable trading system remained essential for the integration and development of countries of the South. Member States needed to provide UNCTAD with sufficient and predictable resources so that it could help countries seek durable solutions and better understand their needs and priorities, their challenges and solutions, as well as provide them with technical assistance. The speaker hoped that member States had the necessary will and conviction to strengthen UNCTAD's unique universal approach and thus contribute to promoting the interactions between trade and development.

5. The **Secretary-General of UNCTAD** said that the United Nations had a more vital role than ever in generating ideas and debate on development policy, and UNCTAD had a central role to play in that endeavour. UNCTAD's primary mission had always been, and must remain, to address trade and development issues pertinent to developing countries. If UNCTAD was to continue to contribute to the broader UN debate on economic matters, it

must keep the development perspective in the forefront and must push beyond current boundaries.

6. He highlighted a number of examples of UNCTAD's recent work, particularly its research and analysis, and how this work contributed to the broader development policy dialogue. He began by looking at recent UNCTAD reports. This year's *Trade and Development Report* examined the world economy's short-term prospects, as well as the longer-term issue of how to accelerate investment, productivity growth and structural change for the achievement of the Millennium Development Goals. In particular, the report considered the balance between national policy autonomy and effective global governance. This year's *Least Developed Countries Report* addressed the issue of capacity-building and included a call for a paradigm shift from a consumption- and exchange-oriented approach to poverty reduction to a production- and employment-oriented approach. The recent report on economic development in Africa explored how the international aid system could deliver on its promise of revitalizing growth and reducing poverty, and proposed a new architecture for international aid. The Secretary-General also noted the contribution of the *World Investment Report*, which examined the internationalization of research and development in its 2005 edition, and would be examining in this year's edition the emergence of foreign direct investment and transnational corporations from developing and transition economies.

7. The Secretary-General referred to UNCTAD's assistance to the Palestinian people. In particular, he noted analysis highlighting the critical situation facing the economy of the occupied Palestinian territory and UNCTAD's suggestions concerning measures and initiatives for averting economic collapse. In the area of science and technology, he noted that UNCTAD had conducted policy-oriented analysis that aimed at raising awareness about the importance of sharing national experiences and looked at how to bridge the technology gap. He also highlighted UNCTAD's work in the area of corporate contributions to development, which had emphasized the economic dimension of corporate responsibility.

8. The Secretary-General drew attention to UNCTAD's work in the area of consensus building and technical assistance. Its assistance to developing countries in trade negotiations and WTO accession negotiations was recognized, as was its role as a partner in the Aid-for-Trade discourse, operationalization and implementation. Additionally, UNCTAD's ongoing joint efforts with the WTO and the ITC on developing trade capacities were singled out as an example of UNCTAD's multi-stakeholder approach. Furthermore, he commended UNCTAD's support of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, which had recently achieved consensus on a new technical tool, namely UNCTAD's publication entitled *Guidance on Good Practices in Corporate Governance Disclosure*, which was aimed at promoting corporate transparency and restoring investor confidence.

9. In conclusion, the Secretary-General referred to one of the recommendations of the Panel of Eminent Persons, namely the establishment of a global network of think tanks specialized in development policy advocacy and strategy setting. He hoped that such a network would be established with the support of, and in consultation with, member States.

10. The representative of **Pakistan**, speaking on behalf of the **Group of 77 and China**, stressed UNCTAD's importance as the principal organization within the UN system for the integrated treatment of trade and development and other related areas of investment, finance and technology. The role of UNCTAD had been under scrutiny; in the view of the Group of 77 and China, it was the only intergovernmental machinery competent to ensure that the work

of each of the three pillars (research, consensus building and technical cooperation) was carried out in accordance with the mandate provided by the quadrennial conferences.

11. The Group of 77 and China encouraged the Board to send a clear signal that UNCTAD intended to play a central role in the UN development machinery. UNCTAD drew its strength and legitimacy from the universality of its membership and its demonstrated ability in promoting the successful integration of developing countries into the world economy. Its mandate must not be diluted, supplanted or subsumed during the ongoing UN reform process. UNCTAD did not need to be reinvented; rather, it needed to be revitalized to act as the world's development conscience. The Group of 77 and China emphasized that it was only by focusing on development in the work of each of UNCTAD's three pillars that the organization could continue to retain its relevance and enjoy the trust and confidence of developing countries. Also, it reiterated the importance of a sequential approach in the work of the three pillars: research and analysis should feed into the consensus-building pillar, which in turn should guide technical assistance.

12. With regard to the recent breakdown of negotiations in the WTO Doha Round, the Group recognized the important role of UNCTAD and the contributions that could be made to international deliberations on trade policy. UNCTAD's role was distinct because of its deliberative nature and development orientation, and because its mandate on consensus building on trade and development issues lacked the inhibitions associated with the negotiations in other organizations. The Group emphasized that UNCTAD's proven competence and utility should continue to be used to develop soft law to catalyse, promote and complement rule making in the WTO and other international organizations. This could advance consensus building in those organizations and contribute to ensuring the primacy of the multilateralism and sustainability of the international economic system.

13. The São Paulo Consensus had provided UNCTAD with a clear and unambiguous mandate for promoting systemic coherence, including through cooperation with other international organizations and follow-up to major UN conferences and summits on social and economic development. The Group hoped that the presentations and deliberations in the Board and the forthcoming High-Level Policy Dialogue at the final formal meeting of the Mid-Term Review would help in the exploration of ways and means of enhancing systemic coherence by reviewing what had been done and identifying what needed to be done by UNCTAD in terms of functions mandated by the São Paulo Consensus in important areas such as policy space, corporate developmental responsibility and ICTs.

14. UNCTAD's 2005 report on the development of Africa was commended by the Group of 77 and China for its useful analysis with regard to the impact of foreign direct investment in Africa. The Group reiterated its call for similar analytical work to be undertaken for Asia and Latin America in the interest of developing a complete picture with regard to the pros and cons of the current trends in FDI flows.

15. In conclusion, the representative stressed the need to strengthen the consensus-building pillar of UNCTAD in an effort to recapture and revitalize the spirit of the organization.

16. The representative of **Argentina**, speaking on behalf of the **Group of Latin American and Caribbean Countries**, thanked the secretariat for including the post-Doha programme on the agenda of the Board's session. However, the Group regretted the omission of any reference to negotiations on fisheries subsidies. The speaker noted the valuable technical assistance offered by UNCTAD in the area of negotiations, as well as support received from donor countries, including the United Kingdom and Spain. The suspension of

the Doha Round was a matter of concern and had had an adverse impact on the mandate of the Doha Development Agenda. The Doha Round should not, and could not, replicate what had happened in the Uruguay Round, which had produced no significant benefits for developing countries, generated high adjustment costs, reduced policy space to implement national development policies and legitimized trade-distorting measures applied by developed countries.

17. Among his Group's main concerns were agricultural issues. In this regard, the G-20 had presented a proposal that could serve as a basis for serious discussions. Subsidies and similar trade-distorting measures needed discipline. The agreement on the complete elimination of export subsidies must be respected and serve as the basis for relaunching negotiations. In the area of industrial goods, members of his Group had implemented a significant process of unilateral liberalization in the framework of regional trade agreements and also with developed countries. The ambitious proposals presented by developed countries did not reflect the difficulties faced by many countries in the region in the context of further liberalization. Adjustment costs, as studied by UNCTAD, were not negligible. Regarding services, the offers presented so far by developed countries did not meet his Group's legitimate aspirations. The future of the Doha Round hinged on the willingness of the main commercial partners to respect the legitimate aspirations of developing countries, and on a result that would help to achieve the goals in agricultural and industrial negotiations as reflected in paragraph 24 of the Hong Kong Ministerial Declaration. Similarly, a process ensuring the full participation of all WTO Members was needed. UNCTAD could play a key role here in fostering dialogue and an exchange of ideas in a forum that promoted consensus building, and could have an active role in the Aid for Trade initiative, including the definition of its elements and its implementation.

18. The speaker commended UNCTAD's *Trade and Development Report 2006*. Regarding its content, he noted that development processes required active policies and a debate on the flexibility available to developing countries regarding such policies. He suggested that this issue be debated in UNCTAD. He also observed that the current international financial system was unable to influence the causes of international financial imbalances, while the multilateral trading system and the WTO offered a more complete and effective multilateral framework. Also, although rules and commitments, including TRIPS and TRIMS, might apply equally to every member State from a legal point of view, they did not apply equally from an economic one. He asked the secretariat to include a study of the GRULAC region, including regional integration processes, in the 2007 TDR and to include a specific segment on the agenda of the next session of the Board in order to have a discussion on the basis of that study.

19. In conclusion, the speaker expressed his appreciation for UNCTAD's background note showing the organization's vital participation in the implementation of the results of UN conferences, and encouraged the secretariat to continue that work, within its mandate, including in relation to intellectual property issues.

20. The representative of **Angola**, speaking on behalf of the **African Group**, said that growth in Africa had accelerated since 2003 and that the 5 per cent expected in 2006 would represent a solid performance and a significant improvement over the period 1980–2000. However, per capita income growth was still insufficient for poverty reduction and achievement of the MDGs. While improvements in the external environment were welcome since they contributed to growth, market access conditions for African exports were still subject to restrictions on product coverage that had often excluded those sectors in which African economies would benefit the most. The challenge for Africa was to translate

improvements into sustained economic growth, effective poverty reduction and improved well-being. Other constraints included stagnating prices for African exports, rising prices for oil imports and rising transport costs. Urgent needs included production and export diversification, ODA and debt relief, and progress in multilateral trade negotiations. The African Group endorsed the conclusions of the *Trade and Development Report 2006* on the need for policy space and the emphasis in the *Least Developed Countries Report 2006* on the need to develop productive capacities. Together with the expansion of productive employment, these should be at the heart of poverty reduction strategies. However, social sectors such as education and health were also part of the productive capacity development process.

21. The African Group drew attention to the need for more aid which was rebalanced in terms of its sectoral composition and provided as direct support to programmes of LDCs' Governments. In addition, there should be a speedy resumption of the Doha negotiations, and UNCTAD should play a key role in any aid-for-trade mechanism and continue its assistance with regard to trade negotiations, trade in goods, services and commodities, and trade and environment.

22. The representative of **Afghanistan**, speaking on behalf of the **Asian Group and China**, supported the statement by the Group of 77 and China. The present meeting was taking place in an environment of uncertainty, and the representative welcomed the commitments undertaken by developed countries regarding increased aid and debt relief. However, market access conditions in developed countries continued to be biased against developing countries, and he hoped that this issue would be addressed more boldly in future trade negotiations. There was still a chance for the Doha Round to live up to its "Development Round" ambitions, provided that all parties took development commitments seriously.

23. The speaker noted UNCTAD's central role in helping Asian countries use trade effectively in order to climb the ladder of development. Despite the "Asian Miracle", the development challenges for Asia were immense. The region's dynamic performance of late must be sustained, spread to other countries and mainstreamed into development processes. This could be achieved only through an effective follow-up to international trade commitments. UNCTAD had been mandated to make concrete contributions to the implementation of those commitments, and Asia considered systemic coherence and policy space to be of vital importance. In short, the process of globalization, which had so far been unbalanced, needed to be redirected and better managed to facilitate development.

24. Whilst there were welcome developments for the LDCs in terms of improved growth, which had begun in 2000 and reached almost 6 per cent in 2004, there were some concerns. Firstly, some (perhaps most) LDCs were still being left out of renewed global growth opportunities, and secondly, the sustainability of growth was fragile because of various unpredictable conditions.

25. Thus, UNCTAD's role needed to be reinvigorated in the reform of the United Nations. This was particularly necessary following the suspension of WTO negotiations. The speaker expressed his appreciation for UNCTAD's analytical and technical cooperation work supporting countries acceding to the WTO. Also, he looked forward to the Mid-term Review and a stronger UNCTAD, and expected the consensus-building exercise to take the concrete form of negotiated outcomes, which could be conveyed to the United Nations in New York.

26. The delegate of **Finland**, speaking on behalf of the **European Union and the acceding countries of Bulgaria and Romania**, said that UNCTAD had an important role to



play in areas such as regional integration, South–South cooperation, commodity dependence, integration of trade, growth and investment in national development plans, poverty reduction and sustainable development. Referring to the *Trade and Development Report 2006*, he said that the EU did not agree with its suggestion that the sole remedy for many problems was increased policy flexibility. The report presented some interesting ideas on how to move on in the special and differential treatment agenda, such as the agreement-specific approach. The EU supported the idea that the developing countries should be open to discussing differentiation based on objective criteria. Concerning the Secretary-General's report on "Economic Development in Africa", he noted that it was useful since it raised fundamental questions about the ways in which aid was distributed and its quality. The EU attached priority to Africa's development, and he mentioned its relevant programmes. Furthermore, the African Union was an essential partner for the EU in the development of Africa, and the EU fully supported the comprehensive programme of ideas and actions laid out by the Commission for Africa in its report entitled "Our Common Interest".

27. On the *Least Developed Countries Report 2006*, he said that the EU agreed with its main thrust, namely that strengthening productive capacities was a key challenge for LDCs, and added that sufficient social sector spending was also a prerequisite for sustainable development. The report on the Integrated Framework (IF) should have been part of the LDC report and in the future greater emphasis should be placed on the role of the IF in addressing the needs of LDCs and on UNCTAD's contribution. The Brussels Programme of Action for LDCs was crucial for improving the LDCs' situation, and respect for human rights, the rule of law, core labour standards, solid democratic institutions, good governance, sound economic policies and improved infrastructure were the basis for sustainable economic growth. UNCTAD's work for LDCs should be enhanced, particularly the implementation of the IF at the country level, taking into account the achievement of the goals of the Brussels Programme of Action, and sufficient resources should be allocated in this regard.

28. Regarding UNCTAD's technical assistance, while the beneficiaries of its technical assistance programmes were generally content with the latter, the EU needed to receive more effective and results-based reporting from the secretariat since it financed 60 per cent of UNCTAD's technical assistance. The EU was pleased that UNCTAD attached priority to streamlining its technical assistance to increase effectiveness, and it should prepare itself to play an active part in the future operationalization of Aid for Trade.

29. Concerning the Doha Development Agenda, the cost of failing to conclude the negotiations would be extremely high, especially for the most vulnerable developing countries, and the EU, for its part, would do its utmost to secure an early resumption of negotiations.

30. In conclusion, the speaker said that the EU was committed to enhancing UNCTAD, and it looked forward to having discussions on the recommendations made in the report of the Panel of Eminent Persons to strengthen UNCTAD.

31. The representative of **Belarus**, speaking on the behalf of **Group D and Kyrgyzstan**, said with regard to the agenda item on interdependence and development that his group appreciated the *Trade and Development Report 2006* for its new ideas about designing economic policies to enable developing countries to succeed in the global environment. The Group believed that the report's findings could also be relevant to countries with economies in transition. Other UNCTAD publications were also a most valuable source of information for policymakers and researchers in Group D countries. Particular attention was given to the forthcoming *World Investment Report 2006* and its focus on FDI from developing countries

and countries with economies in transition and its implications for development. As in the past, the Group was greatly appreciative of UNCTAD's analytical and research work, particularly that on globalization, trade and development.

32. Regarding the agenda item on the post-Doha work programme, the Group believed that the upcoming discussion was very timely, taking into consideration the current suspension of the WTO Doha Round, and that UNCTAD provided a unique opportunity for the frank exchange of views and ideas in a non-negotiating context. This could improve understanding and goodwill among nations, and contribute to building confidence and consensus on key issues of interest to developing countries and countries with economies in transition in terms of the development dimension. Because of its experience, competence and development orientation, UNCTAD should play a key role in the Aid for Trade initiative by providing assistance to developing countries and transition economies.

33. The representative said that his Group attached high priority to UNCTAD's technical cooperation, which focused on helping developing countries and countries with economies in transition integrate into the world economy. It thanked donor countries as well as the UNCTAD secretariat for their assistance in such fields as accession to the WTO, building capacity for the Doha Round and other trade negotiations, investment promotion and agreements, debt management and trade facilitation. Also, it commended the UNCTAD secretariat's efforts to ensure predictable funding for the training courses on the international economic agenda (paragraph 166 of the Bangkok Plan of Action).

34. In conclusion, he assured the Board that his Group remained committed to the decisions taken at UNCTAD XI and believed that the mandate of UNCTAD, which was the focal point of the United Nations for the integrated treatment of trade and development issues, should be efficiently fulfilled by all stakeholders.

35. The representative of **Benin**, speaking on behalf of the **least developed countries**, emphasized the need for a better contribution by the multilateral trading system and trade negotiations to the development of the developing countries. He highlighted the issue of interdependence in the context of trade and development, as analysed in the *Trade and Development Report 2006*. He agreed with the principles to guide the strategy-making process related to trade development, as well as the need for policy space for the developing countries in the implementation of trade policies.

36. Turning to the mid-term review of the Programme of Action for LDCs for the Decade 2001–2010, he noted that mixed progress had been made in those countries, as clearly demonstrated in the *Least Developed Countries Report 2006*. There was a need for a new model giving priority to the productive capacities that would be required in the next 15 years in order to respond to the job crisis in the LDCs. He thus regretted that progress was still to be made in achieving the objectives of the Programme of Action for LDCs.

37. The speaker emphasized the need for increased international aid for African countries since they constituted the majority of the LDCs. However, he expressed concern about the efficiency and impact of international aid on poverty reduction and growth. He agreed with the proposal for reform of the multilateral trading system in terms of aid delivery in order to cut transaction costs, improve coherence and reduce unpredictability in the current aid system. In conclusion, the speaker drew attention to the positive role of civil society in identifying solutions for trade and development issues.

38. The representative of **Switzerland** drew attention to the recent positive trends for developing countries in the world economy, which were helpful for achieving the Millennium

Development Goals. However, he expressed concern about the challenges still facing developing countries, and welcomed the emphasis by the *Least Developed Countries Report 2006* on the need to build greater supply capacity and give more attention to the development of the private sector as a driving force for economic development, particularly for the African continent, which was far from achieving the MDGs. In addition, the speaker highlighted his country's support for the principles of the Paris Declaration on aid effectiveness, particularly ownership, alignment and harmonization.

39. Concerns about the uncertainties caused by the suspension of the Doha negotiations were also raised, and the representative welcomed the recent emphasis on Aid for Trade and its priorities, which could serve as an opportunity to increase the efficiency and coordination of aid.

40. The speaker suggested that the way in which mid-term reviews were carried out be examined in order to take into account lessons learned and to improve the functioning of UNCTAD. Ways to revitalize UNCTAD, on the basis of both its centres of excellence and priorities and suggestions made by the Panel of Eminent Persons, were to be proposed. His country would welcome concrete steps for their operationalization and a calendar for implementation.

41. In conclusion, the speaker expressed his support for a strong UNCTAD, whose voice could be heard, and referred to his country's successful collaboration with several UNCTAD divisions and programmes.

42. The representative of the **United States of America** said that UNCTAD must clearly identify and develop its comparative advantages relative to other agencies in the UN's integrated development framework. It had to establish mechanisms for developing coherent policy advice and technical assistance based on sound empirical research, rigorous and objective analytical review, and the best practices among emerging economies, recognizing that there were no one-size-fits-all recipes for development.

43. Since private finance and trade drove the global economy today, development strategy must include country ownership, capacity building, just and inclusive governance, effective institutions and the rule of law, open markets, trade and productive investment, environmental sustainability and mobilization of financial resources. UNCTAD needed to focus on practical and proven solutions for overcoming barriers to business formation, growth and competition, and creating regulatory environments that empowered entrepreneurs and unleashed the private sector as a driver of development. In so doing, it could help countries build democratic systems and market economies, and support international efforts to build a freer and more open world economy from which all could benefit, including through the successful conclusion of the Doha Development Round.

44. The representative of **Iraq** highlighted UNCTAD's importance as a forum for deliberation and consensus building on the challenges of globalization and the economic development of developing economies. He referred to a number of Iraq's economic reforms. The Iraqi Government had undertaken rapid steps to move its economy from centralized economic control to a more decentralized market-based economy that encouraged private enterprise, economic dynamism and market allocation of capital. This economic transition had included the lowering of trade barriers, the enactment of foreign investment laws, a number of financial reforms and the development of intellectual property rights legislation.

45. As well as being rich in petroleum and gas, Iraq had a highly educated and highly ambitious population. He indicated that through the development of an economic policy that

was consistent with international standards and practices, Iraq would have the opportunity to become an effective partner in international trade.

46. Despite all Iraq's efforts and initiatives, it still faced many difficulties and challenges impacting on the economic reform project, which was based on transition to the principles and legal framework of a market economy. The Trade Ministry was facing challenges in its efforts to convince the local private sector to further develop its activities in the context of a dynamic economic environment. In particular, the Iraqi Government was confronted with the challenge of attracting investment in an unstable environment. Nevertheless, it had made overtures to the Governments of other free markets, seeking to develop trade and investment opportunities. The Iraqi Government regarded membership of the World Trade Organization as an important step in integrating more fully into the world economy.

47. The representative of **Djibouti** thanked the Trade and Development Board for admitting his country as a member, and promised that it would play an active role in future activities of the Board and other UNCTAD bodies. He also expressed his appreciation to the UNCTAD secretariat for the quality of its work both on the ground and in Geneva.

48. The representative of the **Uganda Consumers' Protection Association**, speaking on behalf of **civil society**, said that UNCTAD's continued interaction with civil society organizations (CSOs) helped it publicize and channel the "grassroots views" of global trade and development, and integrate them into the mainstream, with a focus on developing countries. At UNCTAD's hearing with CSOs on 22 September 2006, the latter had urged member States to strengthen UNCTAD's role in international trade and development, enhance its political engagement in global trade governance and increase resources to strengthen its work under the three pillars, namely research and analysis, technical assistance and consensus building.

49. CSOs reminded member States of undertakings the latter had made at recent international gatherings, such as the UN Summit and ECOSOC High-Level Segment, to address the challenges of globalization and trade liberalization for employment and the working conditions of the masses. CSOs urged UNCTAD to undertake analysis of the impact of trade policy interventions on the working population, including farmers, and in-depth gender and trade analysis of women and young people in the informal sector and small and medium-sized enterprises.

## Chapter II

### INTERDEPENDENCE AND GLOBAL ECONOMIC ISSUES FROM A TRADE AND DEVELOPMENT PERSPECTIVE: GLOBAL PARTNERSHIP AND NATIONAL POLICIES FOR DEVELOPMENT

(Agenda item 2)

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

*Trade and Development Report, 2006* (UNCTAD/TDR/2006 and Overview).

51. The **Secretary-General of UNCTAD**, referring to the statement by the Director-General of the WTO,<sup>1</sup> expressed the UNCTAD secretariat's complete agreement with the assertion that trade was one of the ingredients of the policy mix that could contribute to development and poverty alleviation. This meant, according to the Director-General, "...no blind adherence to free trade. But this also means no blind adherence to Governments doing pretty much anything, and no blind adherence to protectionism". Acknowledging that trade liberalization would not be sufficient to achieve the economic growth and development needed to reduce poverty, and that the MDGs for 2015 could be met only if many developing countries grew at a faster rate, the Secretary-General said that economic policies would be needed in order to enable the developing countries to acquire the productive and trade capacities for coping with global economic interdependence. The aim of the *Trade and Development Report 2006* was to explore the policies that had worked in a number of countries and to ascertain why similar policies had not succeeded elsewhere and what could be the alternatives. UNCTAD, being well placed to undertake rigorous analysis that would bear critical examination, had attempted such analysis in the report, and the latter should be seen as part of a package of UNCTAD publications that addressed the most serious challenges facing developing countries.

52. Analysing the last 15 years of traditional trade reforms, the Secretary-General acknowledged that they had resulted in positive but also in negative outcomes in terms of GDP and employment. By contrast, countries that had undertaken more cautious reforms and had applied proactive industrial policies had enjoyed remarkable success. The *TDR 2006* noted that developing countries that had diversified their industrial base and trade pattern had performed better than those relying mainly on commodities, especially the LDCs. He stressed that the recent windfall gains from increased commodity prices should not be a basis for sustained development, since they were subject to a long-term declining trend. Sound economic management and institutions remained crucial for economic growth, but proactive policies would also be of importance. The report examined those policies in a sample of developing and developed countries, showing that the use of subsidies and tariffs had been helpful in the past, and it also analysed to what extent the WTO rules affected the application of such policies today. This analysis had not been made for the sake of controversy, but in order to ascertain what would work and what would not. Furthermore, many policies, such as the promotion of cluster groups and technology, had not been affected by the WTO rules.

53. While policies that had succeeded in some countries might not be easily adopted in others, there were common principles applicable to all, despite the fact that policies should take into consideration countries' stages of economic and institutional development.

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<sup>1</sup> See chapter V below.

Acknowledging that these policy options could not be agreed by everyone, he stressed that this was the point of the debate. The São Paulo Consensus had confirmed that there would be no one-size-fits-all approach — in other words, policy instruments should be chosen at the same time as the questions of the right dosage, right timing and right sequencing were addressed.

54. The **Minister of Foreign Affairs and Cooperation of Spain** said that UNCTAD was at a crossroads, but he was confident that the organization would take the necessary action to face globalization processes and the new challenges of trade and development in an efficient manner. UNCTAD needed to adapt to the emerging reality of interdependence. In this context, he emphasized the importance of the Report of the Panel of Eminent Persons as a starting point for reflection on the reorganization of UNCTAD in the run-up to UNCTAD XII. Interdependence was a feature of globalization that resulted in the creation of networks and new mechanisms for cooperation. These had been encouraged by scientific and technological innovation, as the major support for the new economy and for monetary and financial integration. But interdependence required the political commitment of the international community as well as policy innovation to complement national policies and to allow global imbalances to be corrected and managed. Despite positive and widely spread global economic growth in recent years, particularly in China and India, asymmetries were becoming more acute. This growth had not been accompanied by a fair distribution of its benefits, and it did not reduce vulnerabilities in developing economies, particularly in Africa.

55. Traditional economic reform programmes and trade liberalization had not produced the expected results. There was a need to study new formulas that adapted to the specific needs of every country and make them compatible with multilateral commitments. External factors, such as market access improvements, debt relief, increases in ODA, FDI and remittances, had promoted social and economic growth in developing countries. These should be reinforced with measures to foster competitiveness, capital accumulation, the creation of new economic and employment initiatives, technological innovation and productivity increases. Adequate policies were considered to be the basis for a sustained push for balanced development processes. These policies should include flexibilization of financial systems, as well as good governance, sound macroeconomic policies and solid, democratic and transparent institutions. The São Paulo Consensus's appeal for policies to promote investment, improve national capacities and integrate developing countries into the global economy would bear fruit only if there were political decisions to create the basic conditions for social development and sustained growth.

56. Effective multilateralism was regarded as the best guarantee for progress in democracy and development. UNCTAD's *Trade and Development Report 2006* advocated more flexibilities in the multilateral trading system. This was an invitation to reflect on the need to renew and to create more institutional instruments in support of more dynamic industrial and trade policies. Trade liberalization bore more fruit than protectionism for sustainable development. The multilateral trading system was considered to be an essential tool based on the non-discrimination principle. In this framework, there was also a need to apply special and differential treatment, particularly in LDCs. The scope of these flexibilities was one of the major points that required consensus. Additionally, proliferating regional or bilateral trade agreements, including those in respect of increasing South–South trade, should be a complement to, and not a substitute for, the multilateral system. Spain and the EU deemed it essential to resume the negotiations on the Doha Round with a view to its rapid and satisfactory conclusion, with the necessary political effort.

57. Regarding the commitment in respect of development cooperation, Spain considered collaboration with UNCTAD to be of great value and importance and supported its activities because it was the only UN organization that dealt with the interrelation between trade and development from an integrated perspective. The Minister appealed to the international community to continue to collaborate for the purpose of attaining the MDGs, including the Global Partnership for Development. This would allow the imbalances and asymmetries resulting from globalization processes and their implications to be corrected.

58. The **Officer-in-Charge of the Division on Globalization and Development Strategies** said that the good growth performance of most of the developing countries could be attributed mostly to the commodity price hike in the last four years and the turnaround of macroeconomic policy after the currency devaluations following the financial crises. Contrary to widespread expectations, poor countries were now exporting capital to the rich countries. Competitive positions had improved after devaluation, with positive effects on exports and growth. However, these improvements in developing countries had contributed to huge and rising global imbalances, with the United States bearing most of the deficit burden, and he questioned whether this was sustainable. He underlined the need for an effective multilateral financial system, even if such a system reduced the policy space for many developing countries. The stated desire of developing countries to gain more room for domestic economic policies was justified in general, but a better mix between macro policies on the one hand and industrial policies on the other would be needed in the future. As for industrial and trade policy, the proactive involvement of Governments in fostering innovation and investment had produced positive results. At the same time, the empirical evidence on the role of governance in growth was inconclusive, and the static idea of “getting the prices right”, part of the so-called Washington consensus, did not produce convincing success. With regard to the question of policy space for developing countries, what was meant was that the right balance had to be found between international disciplines in the financial system and more flexibility in the multilateral trading system.

59. The representative of **Pakistan**, speaking on behalf of the **Group of 77 and China**, commended the UNCTAD secretariat for its good work on the *TDR 2006*, which contained a critical analysis and interesting proposals for reorientation and recalibration of macroeconomic and trade policies for the developing countries that faced the challenge of globalization. His Group's view was that the current trajectory of globalization constituted a far more serious situation than the one described in the São Paulo Consensus. The international monetary, financial and trading systems were skewed against developing countries, and this constituted a danger not only for equitable and sustainable development but also for global peace and security. A development-oriented coherence between international monetary and trading systems should be sought as an ingredient of a sustainable world economy with decreasing imbalances, otherwise policies could lead to instability and disruption. More concretely, agreements concluded at the WTO in terms of restrictions imposed on developing countries, as analysed in the *TDR 2006*, ruled out the use of the very policy measures that used to be instrumental in today's developed countries. In order to give the developing countries the same possibilities, the multilateral trading system should have a sufficient degree of flexibility to reflect the needs of all its members.

60. UNCTAD's research and analytical pillar must do more with regard to evolving practical solutions and options that would create more space and flexibility within the existing international economic disciplines. The organization should identify areas where more space and flexibility could be made available and operationalized through enhanced capacity-building activities. Most importantly, UNCTAD should help preserve this space and

flexibility in future norm-setting vis-à-vis international monetary, financial and trading systems, as a natural leader and trendsetter in the international discourse on development.

61. The representative of **Angola**, speaking on behalf of the **African Group**, said that Africa had achieved better growth performance since 2003 due to certain improvements in the external environment. The rising export volumes and the provision of debt relief, combined with the rise in the global market prices for oil and minerals, had contributed to that performance. However, there had been few improvements in market access conditions in developed countries, where the bias against exports from developing countries remained. He agreed with the *TDR 2006* that the present pattern of economic growth accompanied by widening imbalances was unlikely to continue. A significant slowdown in the world economy could not be ruled out, and the scenario would be extremely negative for African countries. He acknowledged the general improvement in Africa's debt situation over the last three years, due to higher GDP and exports, as well as the cancellation of most official debt through the HIPC initiative. Nevertheless, many African countries remained severely indebted, and in fact their debt had increased dangerously, requiring urgent implementation of the Multilateral Debt Relief Initiative (MDRI), the full implementation of the HIPC initiative, and greater grant-based financing for most African HIPCs if they were to achieve the MDGs. He also underlined the importance in Africa of a new policy stance to support innovative private enterprises that would mobilize underutilized factors, as well as national institutional arrangements that would allow effective policy formulation and implementation.

62. The representative of **Afghanistan**, speaking on behalf of the **Asian Group and China**, noted that the recent rapid and broad-based growth of developing countries since 2002 had been driven mainly by China and India through their strong linkages with other developing countries, which would contribute to the attainment of the MDGs. However, he was concerned about global imbalances, as explained in the *TDR 2006*, which constituted a risk for the stability of growth. He called for a multilateral approach to macroeconomic policy coordination that would considerably increase the chances of redressing those imbalances without harming economic performance in developing countries. He commended the report for addressing the issue of proactive industrial and trade policies and related opportunities and challenges for developing countries, as well as for stressing that, as success stories in East and South Asia had shown, the market mechanism and public support policy would not be contradictory approaches. Recalling this important set of nation-specific arrangements, he reaffirmed that there was no "one-size-fits-all" approach. Also, he was appreciative of the attempt, considered to be valid and impartial, made by the report to operationalize the concept of "policy space", which provided a solid basis for future discussions. He expressed support for the idea that each country should determine the balance between national policy space and international discipline in accordance with its priorities. At the same time, policies at the national level must be complemented by policies operating at the international level. The report had rightly acknowledged problems and past errors regarding the multilateral trade system and the global governance of monetary and financial issues, so that this new knowledge would better help to redress global imbalances and asymmetries.

63. The representative of the **Russian Federation** commended the *TDR 2006* for its analysis of challenges facing the world economy, such as those related to multilateral trading, international investment and currency markets. He agreed with the report regarding the need for a collective and multilateral approach to the management of global problems. Given the absence of a universal economic model ensuring economic growth, he stressed the need to take account of the cultural and political conditions in each country in the determination of



growth-oriented policies. He also underlined the importance of energy supply security and diversification, and added that his country aimed to become a reliable and resourceful partner in world energy supply. In addition, he drew attention to the importance of accumulation and dissemination of knowledge to strengthen human development, a point addressed at the G-7 summit in St. Petersburg. He outlined his country's approach to communicable diseases, and suggested the provision of health protection to trade partners. His country would continue to contribute to the global debt relief problem, and was in third place among countries granting debt relief to poor countries. In conclusion, he highlighted the importance of the greater involvement of international organizations in the search for a way to balance the current world economic situation.

64. The representative of **Finland**, speaking on behalf of the **European Union and the acceding countries of Bulgaria and Romania**, said that as the scope of the *TDR 2006* was very wide, covering many different issues, the quality of analyses and the policy prescriptions presented were rather diverse. Support policies to spur domestic investment and productivity growth should not constitute inward-looking protectionism, but be complementary to policy measures to strengthen the creative forces of markets. As emphasized in the report, trade policy would not be sufficient by itself for achieving balanced integration into the world economy, requiring instead appropriate exchange rates and capital account policies to accompany it.

65. The speaker concurred with the report when it stated that external vulnerability would be a key challenge for developing countries and that the latter should mobilize domestic savings to a greater extent in order to avoid excessive reliance on foreign capital. But he disagreed with the report's argument that multilateral rules were inimical to development. Policy flexibility would not be the only possible remedy for development: soundly based and predictable competition policies could also ensure a more level playing field.

66. The speaker also questioned certain parts of the report, especially those on subsidies and intellectual property rights policies. He said that TRIMs, suggested by the report, would be bad for development since they could skew investment decisions and waste financial resources, and that their utility was far from being decisively proved by concrete evidence. The prohibition of export subsidies, based on the consensus view of WTO member States, should not be considered unduly restrictive for developing countries, since such subsidies would have particularly distortionary impacts on both developing and developed countries.

67. Expressing the EU's concern about certain assertions in the report regarding governance, particularly the alleged lack of correlation between economic performance and good governance indicators at low levels of development, the speaker strongly reaffirmed the importance of sound institutions and good governance for achieving sustained growth and development.

68. The issue of flexibility had been part of the negotiations on special and differential treatment in the WTO. On that topic, the speaker acknowledged that some interesting ideas had been presented in the report. He agreed with the report regarding the importance of implementing a properly sequenced trade liberalization process within the broader context of development and poverty reduction. In conclusion, he expressed regret about the suspension of the Doha negotiations, and a commitment by the European Union that it would work for the successful conclusion of the Doha Round.

69. The representative of **Belarus** commended UNCTAD for the good quality of the *TDR 2006*, which offered new ideas for designing macroeconomic and trade policies that would succeed in today's global environment. He expressed interest in its timely Russian translation

with a view to enhancing the accessibility of its analyses in many CIS countries. He concurred with the Report on the failure of the standard reform agenda in developing countries within the framework of the “Washington Consensus”, which focused almost exclusively on market forces and had not allowed developing countries during the 1980s and 1990s to achieve sustainable economic growth and reduce the gap vis-à-vis the developed countries. He added that UNCTAD findings were also relevant to the CIS and countries with economies in transition. He stressed that the Washington Consensus had led to a decline in the quality of life and in output, as well as an increase in inflation, in the CIS and transition economies, and as a result they were the only region in the world in the 1990s where the human development indicator had fallen. In order to reach the MDGs, developing countries and transition economies would have to grow much faster than they had done over the past 25 years. The scope for policy-making would have to be widened beyond what had been acceptable under the standard reform agenda. He emphasized the significance of appropriate national development strategies that reflected the diversity of ways to progress and took into account the specific priorities, needs and circumstances of each country. These strategies should not deny the role of the state in economic regulation and should rely on both market forces and government intervention. The Trade and Development Report had failed to pay much attention to economic development in CIS countries, even though attention had been drawn to this issue during part I of the Mid-term Review of the implementation of the São Paulo Consensus in May 2006. In conclusion, he said that the highly analytical framework of UNCTAD should be used to address topical questions in developing countries as well as in countries in transition.

70. The representative of **India** observed that globalization and interdependence had constituted for developing countries both a new opportunity for growth and development and a difficult challenge. While recognizing the logic of globalization and its undeniable relevance in today's economy, she stressed the need for an international environment capable of taking into account developing countries' specific priorities. She also expressed appreciation for the *TDR 2006*, particularly its concern for an effective system of global economic governance to ensure the right balance between sovereignty in national economic policymaking and multilateral global governance. The report rightly emphasized the existing asymmetries between developed and developing countries and the varying impact of some international legal obligations, which were more burdensome for the developing countries. Arguing for continuing recognition of space for domestic development strategies within the framework of international discipline and commitments, she called for a better understanding of the concept of "policy space". This concept should not be considered inimical to the system of international economic relations. Regarding global financial imbalances, she called for an improvement in the democratic functioning and decision-making of the Bretton Woods institutions and a revalidation of their development dimension, with UNCTAD giving continuous attention to this issue. In conclusion, she emphasized the role of migrants' remittances within developing countries' capital inflows, as described by the report, and requested further research on the topic, especially with regard to legislative barriers and the fiscal costs of money transfers.

71. The representative of the **United States of America** welcomed all the work done to increase the collective understanding of the factors that had shaped trade policy and its role in promoting economic growth and reduction of poverty, and expressed her country's commitment to the international institutions charged with strengthening the global economy and laying the basis for broader prosperity. She expressed regret, however, regarding the recommendations made in the *TDR 2006*, stating that they would run counter to the foundations of sound economic and trade policy as well as the research results of other

international organizations. She pointed to the recent trend in global growth experienced by developing countries, suggesting that it could be due to reforms based on sound economic policies in the 1990s. Her delegation shared the concerns of the European Union about the report's treatment of governance issues, and she said that the current global imbalances could be addressed through private-sector-led growth and efforts to improve environments worldwide.

72. With regard to the discussion on policy space, it was a matter of concern that this discussion suggested that developing countries should opt out of their international commitments. The speaker said that she was disappointed about the North–South presentation of trade issues, which should reflect modern global trade. She expressed interest in more discussion of how UNCTAD could promote a greater volume of trade among developing countries, and pointed out that the report provided little discussion on the importance of infrastructure services liberalization as part of a development strategy.

73. UNCTAD should call for stricter discipline on subsidies so that investment in a country could be based on its comparative advantage rather than easy access to capital. In the analysis on subsidies, due consideration should have been given to recognition of the negative effects of fisheries subsidies. Effective discipline on those subsidies had been widely recognized as a winning strategy for trade, development and the environment. The speaker was concerned about the mischaracterization of the intellectual property rights provisions of US bilateral and multilateral trade agreements as harmful for development. She said that they would provide flexibility for the US Free Trade Agreement partners in developing strong intellectual property systems while taking into consideration their national interests. The speaker also echoed the comments made by the Director-General of WTO with regard to allowing developing countries to impose TRIMS that were contrary to their WTO obligations. In conclusion, she noted that the *TDR* had been successful in promoting discussion on important policy issues, and thanked the secretariat for its work.

74. The representative of **Argentina**, speaking on behalf of the **Latin American and Caribbean Group**, referred to the statement by the Group at the Board's opening session, which had highlighted the relevance that the Group attached to the *TDR 2006* and its excellent contents. His Group considered that the report made an important intellectual and analytical contribution when referring to policy space and specifically addressing as a key idea the need for active government policies in the macroeconomic, trade, industrial and institutional policy areas. These policies could be seen as instruments to foster investment, innovation and productive transformation in developing countries, and in particular in member countries of the Group. The rich contents of the report fed the debate on what was the margin of manoeuvre for developing countries to implement those policies and pursue their own development policies in the framework of the international economy. He emphasized that it was in the context of UNCTAD that the debate on policy space had relevance in the regional and international context.

75. The existing institutional arrangements in the international financial system could not influence the causes of international financial imbalances, while the international trading system, first with the GATT and then with the WTO, was much more complete and effective with rules that could be applied to all members and dispute settlement mechanisms. The report had also highlighted the fact that international rules and commitments placed all countries under the same legal obligations, but they could impose more stringent restrictions on developing countries in economic terms, as in the TRIPS and TRIMS agreements. In the macroeconomic area, the report showed that it was possible to choose from among different exchange rate regimes and to defend in a pragmatic way an exchange rate that would work

for economic policy objectives. Monetary and fiscal policies could play an important role in supporting investment, without the pro-cyclical bias that had been experienced in the past with adjustment programmes. In the production and trade areas, WTO could bring about an adaptation of promotion policies and a choice from among a smaller number of instruments than before, but it did not eliminate the possibility of putting those policies in place. Innovation and growth policies had to adapt to the specific situation and needs of each country and discourage unproductive use of resources.

76. For the *TDR* to retain its value as a reference, the secretariat should continue to work on those concepts, and next year the report should present a practical analysis of facts and examples of where the concept of policy space could be viewed in a tangible manner. It should materialize the concept in specific situations and draw lessons. It should also take the Latin American and Caribbean region into account in its analysis: the inclusion of a specific section on trade and development in the Latin American and Caribbean region, with particular attention to regional integration processes, would be useful. Also, the next session of the Trade and Development Board could include a specific segment on the region.

77. Referring to the analysis on Argentina in the report, the speaker, in his national capacity, said that the ways out of the crisis at the end of the 1990s and at the beginning of the new millennium in different countries had been adapted to the different situations of those countries. The analysis on Argentina showed that there could be no universal solution. The use of active industrial and labour policies led to economic, industrial and trade growth and to the absorption of employment. Finally, responding to the comments of the Director-General of the WTO, he highlighted the need to address the difference between policies related to TRIMS and those related to subsidies, as they had different fiscal implications. Concerning the former and the suggestion that a comparison be made in terms of tariff policies, this would assume that countries had flexibility in that connection, which did not seem to be the case.

78. The representative of **Japan** said that while it comprehensively summarized the problems related to the global economy and international trade, the analysis in the *TDR 2006* seemed to be somewhat incomplete. She expressed concern about the negative effect that the idea of policy space as described in the report would create. She stressed the belief that strengthening the multilateral trading system would provide developing countries with many opportunities, and said that it was in order to support that end that the Development Initiative had been launched during the Doha Round negotiations. Acknowledging that the large current account deficit of the United States and the large surplus of other countries constituted an important issue to be addressed, the speaker said that such imbalances should be addressed collectively by the international community, including the emerging economies. Although establishing a new framework or guidelines for special and differential treatment was interesting, the suggestions in the report would not adequately take into account the WTO's fundamental role as a provider of multilateral legal frameworks. The proposed agreement-specific approach that would set specific criteria for individual agreements, enabling member countries to opt out of obligations, would give rise to concern about "automaticity". The report's analysis would have been more comprehensive if it had dealt with positive aspects of the WTO agreements, for example the TRIMS and TRIPs agreements, and the Agreement on Subsidies and Countervailing Measures.

79. The representative of the **Islamic Republic of Iran** said that his delegation greatly valued the role of UNCTAD in stimulating fruitful discussions with the aim of finding practical policy options for developing countries and transition economies so that they could cope effectively with their own development challenges. He stressed the need for a

comprehensive assessment of the existing disciplines and arrangements in order to evaluate to what extent they had been dealing effectively with the globalization process and addressing the needs of those countries. While conducting a comprehensive review covering all the major past and present policies that policymakers had used in formulating various rules and legislation at national and international levels would be very challenging, it would be necessary in the process of transforming the policies and guiding them towards achieving various development objectives. This would allow the existing institutions and arrangements to equip themselves with the resources and capacities to implement those new policies. Referring to the *TDR 2006*, which dealt with, inter alia, the issue of asymmetries in global economic governance and the need to strike a balance between national policy space and international disciplines and commitments, the speaker said that the asymmetries in global economic governance had resulted in international rules and practices that tended to address mainly the priorities and interests of developed countries. While acknowledging that multilateral arrangements would contribute to greater stability, and would also prevent disruption and chaos in international relations, he suggested that developing countries, which after all were primarily responsible for designing their own policies and arrangements to achieve their development objectives and goals, should be given sufficient flexibility in these disciplines.

80. The representative of **Australia**, referring to the *Trade and Development Report 2006* as it related to multilateral trade rules and in particular to TRIPS, said that the title of the section addressing TRIPS, namely "Restrictions imposed by international agreements on policy autonomy", made it quite clear what conclusions would be reached. All international law contained policy space, but all countries signed up to international treaties because the benefits of doing so outweighed the restrictions imposed on policy space. Few would argue that membership of the WTO could not be a positive advantage for developing countries, as it enabled them to shape international trade rules and benefit from trade openings. Furthermore, the TRIPS section in the report provided a one-sided account that gave little, if any, recognition to the intellectual property (IP) system as an incentive system or to the positive relationship between IP laws, foreign investment and technology transfer. The report devoted three lines to those issues and cited only one academic. While it was within the legitimate purview of UNCTAD to question conventional wisdom on economic policy and ask the hard questions, it would be important to have a balanced discussion on IP and development. This could enhance UNCTAD's influence and its contribution to the successful conclusion of the Doha Round, an objective shared by all.

81. The representative of **Sri Lanka**, drawing attention to UNCTAD's mandate to be an independent and innovative voice in research and analysis on trade and development issues, praised the *TDR 2006* for its innovative contents challenging conventional wisdom, and agreed with its main key ideas and conclusions. He emphasized in particular the need to find proper policy space in designing national development strategies and to strike the right balance between static and dynamic market forces. In conclusion, he expressed his hope that the Doha round of multilateral trade negotiations would be resumed, with fruitful results in the end for developing countries.

82. The representative of **Benin**, speaking on behalf of the **LDCs**, said that the LDCs were pleased to be part of the emerging new international order, characterized by interdependency and the universality of political and economic liberalism. He stressed, however, that the benefits of interdependency were random, and the gap between countries in the North and the South tended to persist, betraying national and international efforts to reduce it. This, along with the marginalization of LDCs in international trade, meant that

attention should be given to reinforcing the productive and supply capacities of these countries as the prerequisite for their integration into the world economy. Aid designed to enhance the export capacity of LDCs had often been forgotten, despite the fact that trade-related infrastructure would be crucial in overcoming underdevelopment and attracting investment for sustained growth in the future. Financing such infrastructure should therefore be a very high priority. He underlined that the internationally agreed ODA commitment of 0.7 per cent of GDP should be met.

83. Acknowledging the importance of increased preferential market access for LDCs in international markets, as well as the need for greater participation of LDCs in world trade, he looked forward to a rapid recommencement of WTO negotiations. The LDCs were convinced that international trade could contribute greatly to poverty reduction through its impact on growth, productive capacities and employment. Increasing productive capacities would be a means to create jobs for the active population, but it would be very important for policy makers to identify the sectors with the largest potential. A new departure for the LDCs would not be possible without an in-depth reorientation of international development cooperation or a real partnership between the North and the South. He reiterated the need to maintain preferential market access for LDCs, and he emphasized that debt relief remained illusory for many LDCs.

84. The representative of **Iraq** expressed his appreciation for the detailed analysis in the *TDR 2006* of global economic conditions — including the obstacles facing developing countries — and of some successful experiences of countries in taking advantage of globalization through improvement of economic policies, as well as for the discussion of various instruments deemed necessary in applying those policies in the multilateral trading system. He stressed that UNCTAD should continue to serve as an international forum to address various challenges of economic globalization, to nurture consensus on policies related to trade and development, and to conduct research activities on the best measures for enhancing development. These roles should be particularly pertinent as challenges facing developing countries had become more complex and interconnected than ever before in the history of UNCTAD.

85. The representative of **Senegal** emphasized that the *TDR 2006* was a good and concrete outcome of one of the three principal mandates of UNCTAD, namely the research and analysis pillar, presenting a pertinent analysis of recent economic policies. Referring to the analysis of workers' remittances presented in the report, he encouraged UNCTAD to pursue this analysis further, especially regarding how and for what kind of activities the remittances should be employed in order to accelerate economic development. Furthermore, the adjustment policies applied in the 1980s and 1990s in Senegal by the World Bank had had their limits, and the Washington Consensus was not a “miracle recipe” for development. The developing countries had often been a laboratory for economic policies, where Governments had been left on their own to deal with their consequences. In conclusion, the representative noted that poverty reduction in Senegal had been lower than expected, even though the country had had an average economic growth of 5 per cent in the last five years.

86. The representative of **South Africa** said that the analysis and recommendations contained in the *Trade and Development Report 2006* had been presented at an opportune time, since significant challenges continued to confront the international community in its quest to achieve a more equitable global economic order. The *Report* highlighted the challenges that smaller and vulnerable economies, particularly in Africa, faced in achieving the targets of the Millennium Development Goals (MDGs). As the *Report* indicated, the attainment of the MDGs would depend on the ability of developing countries to achieve

higher economic growth based on increased capital accumulation and productivity. Of particular importance was a country's ability to develop specific policy measures to meet its own requirements for generating economic growth. She expressed concern regarding the potential constraining impact of the rising number of bilateral and regional trade agreements highlighted in the *Report*, and noted that the disproportional impact of multilateral trade rules — which varied depending on a country's level of development and capacity constraints — should not be ignored. Moreover, the *Report* properly identified the structural vulnerability of developing economies to external currency shocks and the need to consider appropriate multilateral arrangements to avoid financial crises and to maintain economic competitiveness. The *Report* could serve as a means for UNCTAD to intensify research and analysis on the interrelationship between effective economic national policies and the global financial and trade system. Recognition of the importance of that link and of the need for a more structured system of global economic governance could set developing countries on a more sustainable growth path.

87. The representative of **China** emphasized the importance of the agenda item on interdependence in the light of deepening global economic interdependence and the emergence of opportunities and challenges deriving from the latter. Noting that the *TDR 2006* had examined the current important global economic issues from a development perspective, he said that this type of research and analysis should help member countries, particularly developing countries, to have a better understanding of issues related to world economic development. He expressed his appreciation for this undertaking by the UNCTAD secretariat. Acknowledging that the views expressed in the *TDR 2006* did not apply to all countries and that the research findings and conclusions drawn would not automatically become solutions to emerging problems, the speaker said that the report's analysis should help developing countries have a better grasp of the relevant issues. Therefore, the secretariat should be encouraged to continue to enhance its analytical work so as to facilitate consensus-building and to implement more effectively the three functions of UNCTAD, namely policy analysis and research, intergovernmental debate and technical cooperation.

88. The representative of **Egypt** commended the *TDR 2006*, as it revealed that the conditions attached to international assistance to developing countries had prevented their Governments from studying the development policies that were perceived to be necessary. Furthermore, the gap between rigid evolving rules of the multilateral trading system on the one hand and lack of an international financial and monetary system on the other hand would allow the major economic players to use their financial and monetary instruments without sufficiently taking into account the impact of those policies on developing countries. Finally, the speaker stressed that UNCTAD should continue with trade and development analysis and related issues such as finance, technology, sustainable development and investment.

89. The representative of **Bangladesh** said that his delegation agreed with the WTO Director-General about the need to ensure better market access for developing countries and to eliminate various distortions in the international trading system, as well as giving developing countries more policy space in multilateral negotiations. UNCTAD should come up with answers and suggestions on these issues.

90. The representative of **Norway** expressed her hope that the *Trade and Development Report* could become “the” annual report on trade and development through the enhancement of its analytical quality and country coverage, and with its objectivity being retained. She noted that development economists in her country had found the report to be a valuable complement to other publications covering important topics, including the discussion on MDG 8. She commended the report's coverage of the idea of coupling debt reduction with

ODA and of the potential development effect of remittances. With particular reference to the latter topic, the speaker urged that the *TDR* make further contributions.

91. The representative of **Djibouti** expressed his appreciation for the *TDR 2006*, particularly its analyses on a number of development-related issues which he considered to be of crucial importance, and he encouraged the secretariat to continue its research. The major problem for the LDCs and Africa was a lack of proper infrastructure, which had doomed to failure whatever technical assistance had been delivered to them. He advocated a change in the methods and objectives of technical assistance by both donor and beneficiary countries.

92. The **Officer-in-Charge of the Division on Globalization and Development Strategies**, in his final remarks, emphasized the obvious trade-off between multilateral rules and policy space. Multilateral rules must be fair and equitable in order to compensate developing countries for the unavoidable loss of policy space implied by membership of a multilateral system.



### Chapter III

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

(Agenda item 3)

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

“The Least Developed Countries Report 2006: Developing Productive Capacities”  
(UNCTAD/LDC/2006 and Overview);

“UNCTAD-wide implementation activities in favour of LDCs” (TD/B/53/3).

94. The representative of **Benin**, speaking on behalf of the **LDCs**, said that that the Brussels Plan of Action was an ambitious response to the longstanding preoccupation of the United Nations with inducing the world community to help LDCs overcome the major obstacles that had stalled their socio-economic progress. The progress made in implementation of the Programme of Action during the last five years had fallen short of expectations, and the goals and targets of the Programme of Action might not be achieved by 2010. Assessments indicated that, while some LDCs had shown some economic dynamism due to internal reforms and increased assistance from their partners, there had been no meaningful improvement in people’s living conditions, and foreign aid was either below expectations or had not materialized.

95. With only 0.5 per cent of world exports and 0.7 per cent of imports, LDCs were still marginalized in world trade, even though they were home for 11 per cent of the world population. There was therefore an urgent need to reinforce productive and supply capacities in LDCs. One way to achieve this would be to exploit the many hidden and underutilized potentials such as the excess labour force, latent entrepreneurial capacities, neglected traditional knowledge and other unexploited natural resources. Improved preferential market access for all products of export interest to LDCs would also be very helpful. There was therefore a pressing need to re-launch and successfully complete the Doha Development Round. Greater and more innovative efforts were also needed from international partners in order to assist LDCs to overcome the many constraints they still faced. These included: excessive dependence on external financing, given the low level of domestic savings; a heavy external debt burden; instability in commodity prices; the persistence of infectious diseases such as AIDS; acute lack of infrastructure; and a steep increase in oil prices that threatened to annihilate all development efforts in non-oil-producing LDCs.

96. In face of the above constraints, it was only through increased and effective development assistance to develop productive capacities that the LDCs would be able to integrate into the world economy and help maintain international peace and stability. The enhanced Integrated Framework might help if enough resources were made available to finance programmes and projects submitted by LDCs. However, the current enhanced IF did not seem ambitious enough to meet the goals of the Doha Round and the Brussels Programme of Action with regard to the better integration of LDCs into the world economy. He hoped that by 2010 there would be no more LDCs. Finally he thanked the Governments of Austria and Norway for financing the assessment of socio-economic progress in selected LDCs and the organization of the workshop on the mid-term review of the Brussels

Programme of Action that had taken place in May. The outcome of that exercise had greatly assisted the Ministerial Meeting of LDCs in Benin.

### **President's summary of discussions**

#### ***Challenges and prospects***

97. The Board noted with appreciation the contribution of UNCTAD to the implementation of the Programme of Action for the LDCs for the Decade 2001–2010 through its research and policy analysis, technical cooperation and capacity building activities.

98. There was consensus on the importance of full and speedy implementation by all stakeholders of the Millennium Declaration, as well as actions and commitments of the Brussels Programme of Action for achieving poverty reduction goals in LDCs. It was noted, however, that progress made so far was mixed, with considerable variation in economic performance among LDCs. In some cases, growth had been favourable and had contributed to a reduction in extreme poverty. Where progress had been observed, it had generally been based on sound economic policies that had improved the business environment and enhanced investor confidence. In other LDCs, the record had been much less positive, with disappointing economic growth and little improvement in poverty reduction. There was concern that most LDCs might not achieve the goal of reducing extreme poverty by half by 2015.

99. There was recognition of the need to develop productive capacities of LDCs in order to enhance the poverty-reducing impact of economic growth, particularly through employment creation. Most LDCs faced a situation in which the population of working age was growing much faster than the number of productive jobs. This was among the reasons why economic growth was failing to translate effectively into poverty reduction in these countries. In the past, the major sector in which LDCs absorbed labour was agriculture. However, low labour productivity, coupled with small farm size and weak productive capacities, remained the causes for increasing rural poverty in LDCs. As a result, more and more people were seeking work outside agriculture, and urbanization was accelerating. It was important for LDCs, with the support of their development partners, to manage the current employment transition effectively.

100. It was stressed that the least developed countries should continue to assume primary responsibility in designing national policies and in setting priorities. This would ensure ownership of policies, while asserting the political will of LDCs themselves to integrate the Programme of Action into their national policies and strategies. In this regard, the efforts of LDCs in creating a domestic enabling environment through wide-ranging reforms and adjustment programmes were widely acknowledged. However, the well managed engagement of development partners was critical for the success of development efforts of LDCs, as well as for their integration into the global economy. In this context, the Board noted the important role played by development partners, in recent years, in contributing to progress towards the goals and targets of the Programme of Action. Indeed, where socio-economic progress had been recorded, it had been supplemented and sustained by predictable and well coordinated aid flows linked to effective national policies and strategies.

101. Consequently, ODA flows to LDCs had almost doubled in recent years. However, improving the quality of development aid, as well as aid effectiveness, remained a challenge. The composition of ODA had also changed markedly since the 1990s, with a significant increase in the proportion devoted to social sectors and an equivalent reduction for economic and productive sectors, especially agriculture. In some cases, aid remained poorly

coordinated and unpredictable and was often poorly linked to national priorities. In this context, a significant improvement in the approach to aid policies was highly desirable if LDCs were to achieve greater ownership of public expenditure.

102. The Board underlined the need for increased and strengthened technical cooperation and capacity building activities in favour of LDCs. In this context, the crucial roles of the Enhanced Integrated Framework (IF) and the Aid for Trade initiative in building trade capacities of LDCs were emphasized. UNCTAD was called upon to give priority to LDCs in its delivery of technical cooperation and capacity building activities and to continue to play its vital role in shaping the outcomes and operationalization of the IF and the Aid for Trade initiative.

103. The Board noted that exports from LDCs as a group had shown a marked improvement in value terms in recent years, although their share in world trade remained marginal. Improvements in recent export performance were driven largely by oil-exporting and other mineral-exporting LDCs and by those LDCs that had managed to increase their exports of manufactures and services. National and international efforts, including horizontal and vertical diversification of exports, should be strengthened to support commodity-dependent LDCs, which faced major problems of volatile world primary commodity prices.

### *The way forward*

104. The Board emphasized the need for a “paradigm shift” in LDC development policies at the national and international levels as crucial in order for LDCs to achieve sustained economic growth and development. The focus should be on the development of productive capacities that enhanced productive employment opportunities. Any measures adopted with a view to building productive capacities must recognize the holistic and long-term nature of the process, with due recognition of the needs and priorities of individual LDCs.

105. At the national level, it was now important to place the development of productive capacities – and the related expansion of productive employment – at the centre of poverty reduction strategies. This did not mean that social sector spending and human development targets were unimportant. Indeed, health, education and social welfare should be seen as part of the process of developing productive capacities. But it required a better balance between productive sectors and social sectors. Moreover, it required proactive policies to induce and coordinate investment in order to increase value-added and ensure that the development of productive capacities occurred in a way that generated productive employment opportunities.

106. With regard to international policies, there was a need not only for more aid but also to re-balance the sectoral composition of aid. It was necessary to increase the share of development aid for in-country development programmes and direct support for programmes run by LDCs themselves. It was also necessary to increase the share of ODA allocated to physical infrastructure and productive sectors. These measures should be complemented by further comprehensive debt relief measures and improved market access for all products of export interest to LDCs.

107. Continued efforts to improve market access for all products of export interest to LDCs, taking into consideration the potential effects of preference erosion on LDC economies, was also stressed. In this regard, special and differential treatment for LDCs must continue to play a critical role. Re-launching the stalled Doha Development Round and concluding it successfully was viewed as crucial to the implementation of the Aid for Trade initiative for the LDCs. There was a broad consensus that the Aid for Trade initiative should

include trade-related technical assistance to build institutional and supply capacities, so as to assist LDCs in benefiting effectively from the results of multilateral trade negotiations.

108. The increasing role of South-South cooperation and of partnership with emerging developing countries, both as development partners and as clients for the LDCs' products, was further recognized by delegations as a critical opportunity to consolidate international partnership for the development of LDCs.

109. The need to develop human resources and entrepreneurial capability through vocational and technical training was acknowledged as key to improving the competitiveness of LDCs. Increased attention must be paid to the role of the private sector, especially small and medium-sized enterprises (SMEs), with a view to addressing such obstacles as lack of access to finance and the high cost of credit. One suggestion for addressing the problem of lack of access to finance was to create rating services for SMEs, supported by internationally recognized institutions. The crucial role of public/private partnerships was also stressed as pivotal in helping achieve the LDCs' development objectives, particularly in infrastructure development. The importance of creating effective intersectoral linkages through a "value-chain" approach and through improved regulatory governance in LDCs was also highlighted.

## Chapter IV

### ECONOMIC DEVELOPMENT IN AFRICA: DOUBLING AID – MAKING THE “BIG PUSH” WORK

(Agenda item 4)

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

“Economic Development in Africa: Doubling Aid – Making the “Big Push” Work”  
(Overview) (TD/B/53/4)

*Economic Development in Africa: Doubling Aid – Making the “Big Push” Work*  
(UNCTAD/GDS/AFRICA/2006/1)

111. The **Special Coordinator for Africa**, while welcoming the commitment to a doubling of aid to Africa, said that this could not create the conditions for sustained growth on the continent without a change in policies and a rethinking of the present aid system. Although Africa had received some \$580 billion in aid in the past 40 years, growth had been slow and poverty had increased. The UNCTAD report entitled *Economic Development in Africa: Doubling Aid — Making the “Big Push” Work* pointed out that the exigencies of Cold War politics had determined aid flows in the 1960s and 1970s. In the early 1980s, a global recession had resulted in a sharp and secular decline in the prices of Africa’s commodity exports, and losses suffered had not been compensated for by aid or other capital inflows. As a result, loans and aid were sought from multilateral financial institutions and bilateral donors, which were predicated on conditions that entailed liberalization, deregulation, privatization and painful austerity measures. The result was weakened State institutions, low growth and increasing poverty, de-industrialization, unemployment, a major shift to the informal sector and sprawling urbanization. The international aid system was chaotic, as it lacked coherence, uncoordinated, unpredictable, costly to manage, and more often based on the preferences of donors than on the development priorities and programmes of recipients. The share of aid to the social sector had increased considerably, with a corresponding fall in the areas of infrastructure, productive capacity and agriculture.

112. The report suggested that it was perhaps time to consider a new international aid architecture with a much larger multilateral component, to be brought under a single funding mechanism, preferably under the auspices of the United Nations. The proposed new aid architecture could benefit from the lessons of the Marshall Plan and other successful aid experiences, from both Asia and the EU. Such an approach would ensure greater coherence, transparency and accountability, and would help eliminate much of the present chaos afflicting aid delivery by requiring that aid be an integral part of the resource envelope for funding coherent development plans. The NEPAD peer review mechanism could ensure transparency and coordination. The report proposed the establishment of a forum within UNCTAD, such as a Commission on Aid and Development, where the concerns of aid recipients regarding the operation of the aid system could be aired.

113. The representative of **Angola**, speaking on behalf of the **African Group**, commended the UNCTAD report on economic development in Africa as a critical, comprehensive and analytical assessment of the current aid system and its impact on African countries. The international development community's commitment to double aid to Africa by 2010, and the progress made so far to translate this commitment into reality, were noted. The report rightly pointed out the inefficiencies of the existing aid system, as recognized by the Paris

Declaration on Aid Effectiveness. Increasing the share of multilateral aid in total aid flows should go hand in hand with addressing the unpredictability, incoherence and non-transparency that plagued the current system, as well as reducing the influence of geopolitics on aid disbursements. It should also provide the opportunity to reduce conditionalities to the minimum. An increased share of grants would prevent a re-emergence of the debt overhang, while channelling aid through national budgets would strengthen local ownership and ensure that increased resources addressed national development priorities and requirements. Channelling aid through the budgetary process should also strengthen local institutions and contribute to more effective tracking mechanisms for aid expenditure, and to greater transparency and accountability. The NEPAD process should be drawn upon to strengthen accountability, ownership and inclusiveness at national levels. A Fund for African Development under the auspices of the United Nations should be established as a means of addressing the problems examined by the report. This should be informed by the lessons of the Marshall Plan, as well as by positive aid experiences in East Asia and the European Union. Also, the creation of a Commission on Aid and Development in UNCTAD would provide a forum for monitoring aid commitments and for exchange of views and experiences among donors and recipients. The ongoing Mid-term Review process could be used to initiate the setting up such a commission, which could then be approved at UNCTAD XII in Ghana in 2008. Lastly, the secretariat should be encouraged to continue its ground-breaking, critical and in-depth analysis of African development, which should inform its policy advice and technical assistance programmes in the relevant areas, so as to facilitate the attainment of the MDGs.

114. The representative of the **Republic of Korea** observed that there was cause for optimism regarding Africa's development in the light of a number of positive developments, such as the recent increases in FDI flows to the continent, revenue gains following an increase in commodity prices and the donor community's promise to double ODA to Africa by 2010. In order to play its part fully, the Republic of Korea had pledged to share its development experience with Africa and had proclaimed 2006 the "year of Africa". In this context, it had made a number of commitments, including tripling ODA to Africa by 2008, providing training to Africans in the areas of health and education, supplying communication technologies to the continent and launching the Air Ticket Solidarity Contribution to generate additional funds for Africa's development. The Republic of Korea intended to act in close cooperation with the African Union and NEPAD, and through a Consultative Korea-Africa Forum, to ensure that its aid addressed the main priorities identified by Africa's representatives.

115. The representative of **Benin**, speaking on behalf of the **least developed countries**, praised the quality of UNCTAD's report, and expressed support for its findings and conclusions. The socio-economic situation in Africa had scarcely improved despite a multiplicity of good intentions towards the continent. Africa continued to be marginalized in the world economy, as evidenced by its insignificant 2 per cent share in international trade and 3 per cent share in private investment flows. In 2004, FDI flows to Africa had accounted for a mere 8 per cent of total flows to developing countries. Low industrialization, lack of infrastructure and heavy dependence on raw commodities were some of the factors responsible for the continent's marginalization. Tariff barriers, disguised protectionism and export subsidies in developed countries added to this picture to further remove Africa from the international economic system. International trade, which should constitute an engine for development, contributed to a worsening of the economic situation in Africa and the LDCs. Although the G-8 had promised to double aid flows to Africa by 2010 and to cancel all multilateral debt owed by the 18 HIPC completion point countries, public debt in Africa still

represented 77 per cent of GDP. Therefore, there was a need for concerted action to address the development challenges facing the continent. One of the main priority sectors was the development of infrastructure. Poor roads, electricity and water supply had been estimated to add 20 to 30 per cent to transaction costs, and this rendered African products uncompetitive. Consequently, it was difficult for African countries to attain the 7 per cent annual GDP growth required in order to halve poverty by 2015. In this connection, it was imperative that the international community honour its commitments to double aid to Africa in order to support the continent's development. This aid would have to be more efficient and better coordinated to achieve maximum impact.

116. The representative of **Brazil** said that Africa was one of the main priorities of Brazilian foreign policy and that the continent had benefited from increased aid and technical assistance from Brazil. The secretariat's presentation on the impact of aid on African development brought to mind a discussion at the South Centre last August when Stephen Brown had launched his book entitled *Aid and Influence*, which set out some of the characteristics of aid as outlined in the UNCTAD report, including the prevalence of geopolitical considerations in aid allocation, and underscored that it was important for the countries of the South to have a forum where they could exchange views and discuss the best ways to enable them to derive maximum benefit from the aid programmes for their development. This was similar to UNCTAD's proposed creation of a Commission for Aid and Development. Instead of an increase in the share of multilateral aid, a market-based approach was proposed whereby donors could choose the countries to which to give aid; this might enhance the outcome of the aid programmes. Recipients would then be active consumers, and not passive receivers of aid programmes. In order to better monitor the efficiency of different aid components, it was suggested that aid data should be disaggregated to assess the effectiveness of different programmes on humanitarian assistance, capacity building and infrastructure.

117. The representative of **Senegal** congratulated the UNCTAD secretariat on the quality of its report. The recommendation that aid be multilateralized would facilitate and enhance the transparency of the current chaotic system. It was important to have the reaction of bilateral partners to UNCTAD's recommendations. A Development Fund for Africa, under the auspices of the United Nations, whose creation had been suggested by the report, could contribute significantly to increasing coherence in the delivery of aid to the African continent. Such a fund would also permit closer monitoring of the regional dimension of, for example, NEPAD.

118. The representative of **Japan** recognized the importance of aid to Africa, given that the continent had the largest number of least developed countries. To help Africa's development efforts, Japan had committed itself to doubling its ODA to Africa by 2008 and had pledged to engage in a constructive dialogue with the recipients in order to identify and address their needs rather than imposing Japan's views on how this aid should be used. Japan believed that PRSPs could be the basis for evaluating recipients' needs. While recognizing that African countries should be given policy space, Japan noted the need to strengthen the system of governance in order to ensure that the aid was well managed. The speaker was of the opinion that budget support and project support should be complementary and that there were instances where project support was more appropriate than budget support. In conclusion, he called for an appropriate appraisal of the effect of debt relief on the development of African countries.

119. The representative of **Finland**, speaking on the behalf of the **European Union (EU) and the acceding countries of Bulgaria and Romania**, underscored the fact that Africa

remained the continent where globalization had not yielded sufficient benefits. The UNCTAD report was an important contribution because it shed light on the quality of aid and how the latter was distributed. The EU had developed an integral approach through the EU Strategy for Africa, which was coherent, long-term-focused and based on principles of partnership, ownership and dialogue, as well as on other important factors without which sustained development would not be possible: peace, security and good governance. The Strategy also looked into key areas of the economic environment for development, such as economic growth, trade and infrastructure. The EU promoted and supported investment in directly related areas such as health, education and employment. Africa and the EU were bound by substantial aid flows. In 2005, 60 per cent of EU ODA had gone to Africa, and the European Council had pledged to increase ODA to 0.56 per cent of GNI by 2010 and to 0.7 per cent by 2015. The decision to allocate half of additional resources to Africa could net an additional 23 billion euros a year for Africa by 2015. EU aid to that continent was expected to increase by two thirds by 2010. The speaker reiterated the importance of political dialogue between African countries and urged that the African Summit in Lisbon take place as soon as possible. The EU fully supported the views expressed by the representative of Afghanistan, namely that the African countries were principally responsible for their development and that the national development strategies had a pivotal role in making international aid coherent and effective. UNCTAD, together with WTO, OECD and the Bretton Woods institutions, had an important role to play by helping African countries integrate trade policies into their national development strategies. The EU hoped that UNCTAD XII in Ghana would provide concrete inputs on these important issues.

120. The representative of **Rwanda** said that Africa needed large amounts of aid to help boost the growth of its economies and reduce the continent's high levels of poverty and marginalization in the world economy. In this regard, he commended the donors' commitment to double aid to Africa by 2010. However, to be more effective, aid should be delivered through a better mechanism, and the speaker concurred with the report's proposal that a new and improved architecture for aid delivery be put in place. The shortcomings of the current aid system discussed in the report were the same as those noted by Africans involved with the debt issue on the ground. The Paris Declaration on Aid Harmonization had recognized the limits of the current aid system, and Rwanda had adopted a national aid policy on the basis of the Paris Declaration. The key principles of the policy evolved around the issues of ownership, comprehensive domestic dialogue, alignment with national development objectives, mutual accountability between a country and its donors, and preference for budget support whenever possible. The policy attempted to avoid vertical funds, which were funds parallel to government funding, because they undermined ownership. The report's suggestion that there be a single funding mechanism, given the latter's advantages as described in the report, deserved serious consideration.

121. The representative of **Cuba** praised the quality of UNCTAD's report in terms of its analysis and recommendations. The international community should meet its commitment to double aid to Africa in order to enable countries in the region to eradicate poverty. Current aid flows to Africa were insufficient, and unfortunately influenced by political considerations. It was therefore necessary to have an aid system that was coherent and transparent. Aid could have positive effects if it was allocated in an organized and equitable way.

122. The representative of the **Russian Federation** emphasized the importance of UNCTAD's assistance to Africa's development. He reaffirmed his country's commitment to helping African countries on the basis of the principles of cooperation and good partnership.



The Russian Federation called for an integrated assistance programme for the continent, including within the framework of the G-8 countries. This assistance should be multifaceted. His country supported the IMF and World Bank programmes to provide debt relief and write off the debts of the poorest countries, and participated actively in bilateral debt relief activities. More concretely, the Russian Federation's budget included the possibility of cancellation of debts owed by the poorest countries. This debt totalled \$688 million, and 16 of the countries concerned were African. Also, it was important to provide resources for strengthening African countries' trade structure and improving the investment climate. These were essential factors for Africa's sustainable development. One of UNCTAD's tasks in this regard should be to find an effective mechanism to help Africa achieve those objectives.

123. The representative of **South Africa** acknowledged the importance of the commitment by donor countries to double ODA flows to Africa by 2010, and called on them to translate it into action. These aid flows should respond directly to the need for increased productive capacity in Africa, which required significant long-term sustainable and predictable capital investment. The speaker agreed with the report that key factors required due attention in order to maximize the effect of a doubling of aid to the continent. Those factors included the need to align ODA with the continent's development objectives as enshrined in the New Partnership for Africa's Development. This implied that the quality of aid mattered as much as its quantity. Aid must be growth-enhancing, and its effectiveness required greater coherence among donors, who must have a long-term vision of Africa's development. Aid must be part of a broader strategic development framework with the ultimate objective of reducing aid dependency, which was in the interest of both donors and recipients. Cognizant of these facts, the South African Government had adopted a national shared-growth initiative to enhance economic growth. The focus of the initiative was on investment in infrastructure and in education and skills development. The speaker concluded by inviting donors and recipients to give due consideration to the proposals contained in the report, as they provided a basis for a true global partnership.

124. The representative of **Norway** emphasized the analysis and recommendations in the report, which all deserved serious consideration. African countries needed more aid, and Norway had given them priority in its aid allocations. However, it had so far been unable to decide on how to improve its aid allocation system.

125. The representative of **Zimbabwe** concurred with the statement by the representative of Angola on behalf of the African Group. The UNCTAD report rightly identified some key elements of the recent discourse on Africa's development, including the pledge by the international community to double development aid to Africa by 2010, the recent improvement in Africa's economic growth, resulting mainly from the increasing demand for commodities by emerging economies, and the chaos in the aid system due to wasteful competition, which had not allowed African countries to fully benefit from aid. A new consensus on ODA was required. Both donors and recipients had made mistakes. The report's proposal that there be a new aid regime, based on the current international one, which called for a new international partnership for development that would eliminate the main problems, such as lack of coherence, transparency and accountability and the politicization of aid, was an interesting one. Aid should be channelled through the national budget and be used in financing infrastructure projects, particularly those concerning transport and the rail network, which would help facilitate trade.

126. The representative of **China** said that since it was the continent with the highest number of LDCs and the lowest growth rates, Africa should have the highest level of aid. In this connection, the speaker expressed appreciation for UNCTAD's work on aid and noted

with satisfaction the recent pledges to increase the quantity of aid to the continent. He underscored the need for good-quality aid and invited donors and recipients to design aid programmes that took into account the effectiveness of aid for development. As part of its aid programme for Africa, China had provided assistance to all 53 African countries. It had cancelled debts owed by 31 countries and had trained more than 10,000 African professionals. In addition, China accorded duty-free access to a number of products from 28 African countries.

127. The representative of **Djibouti** noted the historical analysis of aid to Africa in the report, and particularly the negative outcomes. There was therefore the need for a multilateral system to channel aid to that continent. The EU should be a key player in such a system because of its historical links with Africa.

128. The representative of **India** noted with satisfaction the report's finding that there were some real signs of an improving economic performance in Africa after two decades of economic downturn. The ability of the aid promised to Africa to sustain that performance and reduce poverty would hinge on a number of factors, including effective mobilization of investment and domestic resources, designing development strategies tailored to local conditions, strengthening recipient countries' institutional capacity, improving the quality of aid supplied and improving policy coherence. The speaker encouraged UNCTAD to continue its independent analytical work on Africa. He referred to the increasing trade linkages between Asia and Africa to highlight the fact that India and Africa were building a relationship based on mutual benefit, and not a donor-recipient relationship. In this context, India was sharing training facilities and project expertise with Africa. This included the establishment of a Pan-African E-Network for tele-education and tele-medicine, covering all 53 African countries. Also, India had opened low-interest lines of credit for a number of African countries and NEPAD, which had totalled \$1.5 billion in the previous two years alone. These funds had been invested in infrastructure projects, including railways and electrification, and in strengthening productive sectors such as food processing and cotton spinning.

129. The representative of **Egypt** expressed support for the analysis and recommendations contained in the report. He wished to know how the UNCTAD secretariat evaluated aid in comparison with organizations such as the OECD, and supported the idea of putting in place a specific framework for aid to countries in the South.

130. The representative of **Chad** noted the relevance of the theme of this year's report on Africa's development, which tied in very well with the previous year's theme of foreign direct investment in Africa. He expressed appreciation for the promise to double aid to Africa, and called on donors and recipients to ensure that such aid was oriented towards development objectives. Attention should be given to identifying the best ways of doing that. He called on the donor community to increase its extrabudgetary resources for UNCTAD to allow it to continue carrying out its independent research on Africa's development and increase its resources for technical assistance. His country had greatly benefited from this aid as an LDC, and it should be increased to allow more countries to benefit from it.

131. The representative of **OCAPROCE** expressed appreciation to the UNCTAD secretariat for the quality of the report. OCAPROCE supported African producers and exporters, and would like UNCTAD to assist with training and provision of information for its members, particularly since international trade was now highly competitive. UNCTAD should also help NGOs to access financial assistance.

132. In his response to the issues raised during the debate, the **Special Coordinator for Africa** emphasized that the recommendation that the share of aid disbursed through the budget be increased did not imply the rejection of project aid. In some circumstances project aid might indeed be the preferred mode of delivery, particularly if requested by recipient Governments. This might also apply to post-conflict countries, where this form of support might be better suited to addressing weak State institutions and rebuilding civil society. With regard to the idea of using a market-based mechanism to allocate aid, it should be noted that one of the *raison d'être* of aid was market failure, and so it was difficult to envisage how a market system could be an appropriate response to the problems currently surrounding the aid issue.

## Chapter V

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

(Agenda item 5)

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

“Review of developments and issues in the post-Doha work programme of particular concern to developing countries – Note by the UNCTAD secretariat” (TD/B/53/5).

134. The **Secretary-General of UNCTAD** emphasized that the Doha Round of trade negotiations was at a crucial juncture, and he urged participants to examine key issues in the stalled negotiations with a view to revitalizing them. He highlighted UNCTAD’s commitment to assuring development gains from the international trading system and trade negotiations.

135. The multilateral trading system had a key role to play in sustaining and extending the development dimension of trade. International trade could be a powerful engine of growth, development and poverty eradication in all countries, particularly in developing countries. It contributed to generating resources for development. However, trade worked for development only under the right conditions. An open, rule-based, non-discriminatory, predictable and equitable multilateral trading system was clearly most conducive to generating positive development outcomes. The system must also be consistent with ensuring an enabling policy environment for developing countries that provided them with adequate space to achieve their development goals. Efforts were needed to achieve meaningful and substantial development content in all areas of the Doha negotiations, as this was indispensable for a successful outcome of the round.

136. Against this background, recent failures to make progress in the Doha negotiations were a source of concern and had lowered countries’ confidence in the multilateral trading system itself. The current suspension of the round had “put on hold” many significant development yields expected from progress previously achieved in the negotiations, hurting the world’s poorest most acutely. The suspension also had many long-term systemic implications. It might encourage protectionism; result in a further proliferation of bilateral and regional trade agreements; and lead to further trade disputes which could damage international relations. The significant negative consequences of the suspension of the Round clearly pointed to the need to resume negotiations sooner rather than later.

137. Notwithstanding the suspension of the Doha Round, the WTO continued to be a central pillar of the international trading system, and its relevance and importance should not be questioned but rather, to the contrary, it must be more vigorously supported. No single existing regional or bilateral trade agreement or other trading arrangement could deliver the same benefits, predictability and security as a well-functioning and development-oriented multilateral trading system. All countries therefore needed to demonstrate renewed political will and additional flexibilities to facilitate the resumption of work, with a leadership role for the key players.

138. Recalling that development was at the heart of the negotiations, improved effective market access and entry for exports of developing countries were needed, along with improved donor support in building their supply capacities, competitiveness and trade-related

infrastructure, as well as in helping them to benefit more fully from opportunities generated by multilateral trade liberalization, including through effective aid for trade. UNCTAD, through its research and policy analysis, intergovernmental consensus-building and technical assistance and capacity development activities, steadfastly supported the Doha round and developing countries' engagement in all of its aspects.

139. The **Director-General of the WTO** agreed with the *Trade and Development Report* that trade could lead to development and poverty alleviation, but emphasized that trade was one necessary ingredient in a policy mix that should contain many other ingredients such as effective institutions and quality of governance. As pointed out in the Report, efforts needed to be made to ensure that non-tariff measures did not negate progress on tariffs. In that connection, developing countries were the most frequent users of anti-dumping, primarily against other developing countries. Regarding policy space, he stressed the need to go further in order to provide arguments and facts on what constituted "good policy space". For instance, it was debatable whether the domestic value-added content of exports would increase if performance requirements were permitted. It was also questionable whether the best contribution WTO could make to development would be for developing countries to have no subsidy disciplines; of course, all LDCs and a large number of developing countries were exempt from the prohibition of export subsidies. On industrial tariffs, there could be disagreement on how to manage industrial development and diversification successfully. Looking at the facts, the difference between bound and applied rates varied considerably among WTO members, and this implied that policy space meant different things to different countries. Another fact was that, in most countries, tariff revenue represented only a small share of fiscal revenues, with the exception of some countries that were predominantly reduction-exempt LDCs. UNCTAD was well placed to examine such issues, and this opportunity should not be missed.

140. It was important to support efforts to improve trade infrastructure, as well as the vital role played by national Governments and the international community in that connection. Trade infrastructure was part of the wider picture of Aid for Trade, which was a necessary complement to the Doha round. Since Aid for Trade was not part of the single undertaking, it was important that work on the initiative went ahead. The most important contribution of the WTO to development and reduction of poverty was to open up trade multilaterally and strengthen the rules-based trading system. UNCTAD had a lot of experience on the complex relationship between trade, poverty and inequality, and more understanding was needed to tackle the corresponding challenges.

141. The suspension of the negotiations allowed capitals to consider how they could contribute to overcoming the remaining obstacles, particularly in agriculture. There was no alternative to a successful conclusion to the Round, and failure would hurt the smallest countries most acutely. The biggest obstacle was market access and domestic support for agriculture. It was also the key to resuming negotiations and to moving forward in all of the other areas, which had been taken hostage by agriculture. There appeared to be a broad consensus that negotiations should be resumed from where they had stopped and that they should take into account the July framework and the Hong Kong Declaration. The problem was not so much the level of ambition but rather the contributions of different members. The level of ambition in agricultural market access and domestic support was already much higher than in the Uruguay Round, and reducing the gap between bound and applied rates would stabilize the system. Although it was politically understandable to attach importance to the "exchange rate" of who paid how much in each area, it was important to look at the broader global picture and focus on the level of ambition and its impact on trade flows.

142. The representative of **Pakistan**, speaking on behalf of the **Group of 77 and China**, emphasized the unique opportunity for brainstorming and open discourse this agenda item had provided since it had first been introduced in 2002. Regarding the current situation of the Doha Round negotiations, he considered that progress and the discussions on the development content of the negotiations were being held hostage to a lack of progress in the round itself. There were three consequences arising from the suspension of the round: the progress made to date on the various elements of the negotiating agenda would be put on hold; all work in the negotiating groups had been suspended; and existing deadlines were no longer applicable.

143. It was precisely in this kind of situation that the utility of UNCTAD, as an inclusive body with a universal membership, came to the fore. Discussions on procedural and substantive options for the resumption of the negotiations could take place in UNCTAD, while mainly procedural efforts could be undertaken in the WTO to find a solution to the stalled negotiations. In this respect, the impact assessments of the various initiatives and options under discussion in the WTO, as well as the technical assistance provided to developing countries engaged in the process of accession, were of the utmost importance. Furthermore, the suspension of the WTO negotiations could be used to explore ways and means through which the consensus-building pillar of UNCTAD, with its unique development perspective, could effectively and meaningfully contribute towards the Doha Round. UNCTAD had contributed positively to the negotiations at various critical junctures in the past, as reflected in UNCTAD XI's contribution to the July Package, and this could be repeated today. He considered that in order to move towards a coherent and sustainable international economic system, there should be optimal utilization of all avenues of multilateral discourse, based on the mandates and demonstrated abilities of various participating entities.

144. He called on all countries to consider the adverse impact the suspension of the WTO negotiations might have on shared development objectives and the fight against poverty. A failure of the Doha Round could lead to the resurgence of protectionism and a proliferation of bilateral or regional free trade agreements. This called for a deployment of best efforts by all towards a speedy revival of the negotiations. Finally, he suggested that the Aid for Trade initiative, in which UNCTAD should also be given a leading role, could play a key role in the promotion of development.

145. The representative of the **European Commission** expressed his appreciation to the secretariat for the background note. The suspension in negotiations in the Doha round did not mean that the round was dead; the situation was, however, serious and called for an appropriate response from all concerned parties. While all those involved had reiterated their commitment to the successful completion of the Round, there was no room for complacency as the Round was still at risk and the next few months would be crucial. The question was not whether, when or on what basis the negotiations should be resumed: a window of opportunity for a resumption existed between November 2006 and March 2007, and the basis of negotiations should be the existing mandates and conditional offers made up to July. The immediate question was how to start, but the right response would be found, because so much was at stake. The breakdown in July had more to do with politics than economics as the major breakthrough, or "quantum leap" from the Uruguay Round, was within reach. Domestic politics in a certain country were not encouraging and this resulted in very different expectations on the right "exchange rate" for necessary trade-offs within the triangle of issues. These political difficulties could be overcome if the right balance between ambition and realism was found, while still ensuring that the round generated real new market

opportunities. A “dollar for dollar” parity between domestic subsidy reductions and market access was neither realistic nor acceptable to the vast majority of WTO Members.

146. Getting back to the negotiating table would require everyone being ready to play their part in the give and take of negotiations, particularly in areas such as agricultural market access. While the EC was willing to improve its offer towards the level proposed by the G20, this would only make sense if other key partners also moved towards the middle ground. The cross-Atlantic partner needed to give a serious signal on real cuts in trade-distorting domestic support. All countries, with the exception of the weakest, needed to make a contribution, particularly emerging economies. In July, neither Brazil nor India (nor other key emerging economies) had needed to reveal more of their cards on NAMA; that moment had yet to arrive. The developmental aspects, both offensive and defensive special and differential treatment (SDT), needed to be effectively integrated. Development should remain the overarching objective of the Doha Development Agenda and some issues (Aid for Trade, an enhanced Integrated Framework, duty-free and quota-free market access, or LDCs and cotton) should be moved forward on a fast-track basis. However, effective integration of SDT – where relevant – in the resulting agreements would imply a negotiated “scale of contributions” to the Doha negotiations from the developed countries through to the LDCs. Importantly, a pro-development outcome would require developing countries to accept an appropriate level of commitments. Regarding Aid for Trade, the EU had pledged to increase collective spending, with the expected overall increase in ODA and several other EU initiatives (e.g. EU-Africa partnership for infrastructure); these represented a platform for increased, demand-driven support.

147. The representative of **Brazil** recalled that the Director-General of the WTO had had no other option but to interrupt the Doha negotiations because of the difficult situation faced by WTO Members. The Director-General was now doing his best to ensure that the round resumed. Brazil would also very much like to see the round resume as soon as possible, but was conscious that there was only a short window of opportunity. There were two central areas in the Doha negotiations where progress was needed – agriculture and development issues – and both were interlinked. These two elements needed to be placed at the heart of the multilateral trading system if negotiations were to be successful. Support existed for the successful conclusion of the round, but a degree of quiet diplomacy would be needed to reach it. The central blocking issue in the negotiations was the issue of agriculture and the interrelation between market access and domestic support. The major players had major responsibilities in unblocking these negotiations. Movement in agriculture would lead to a substantial improvement in market access, which was consistent with the Doha mandate and recognized the different conditions of developing countries. Real and effective cuts in domestic support on the part of the major players were needed; however, this did not necessarily mean a “dollar for dollar” exchange between trade-distorting policies in agriculture and market access. Major agricultural players who maintained trade-distorting policies and supported agriculture with billions of dollars of subsidies should now move to unblock them. Developing countries in a position to do so could thereafter do their part – in agriculture but also in NAMA and services – and remove some of the distortions, including anti-dumping measures.

148. The representative of **Mauritius**, speaking on behalf of the **ACP Group of States**, recalled that the Doha negotiations had been launched five years ago in the hope that they would lead to a new global trading system which would be more equitable and match trade with development and poverty eradication. However, the past five years had not been easy and the system had been put to the test on numerous occasions. The causes that had led to the

suspension of the negotiations were well known and it was not useful to dwell on a “blame game”. Countries should be encouraged not to underestimate the gravity of the situation or the consequences of failure, and a successful conclusion to the negotiations could only come from achieving a win-win outcome for development. The naming of the Round as a development round was not an accident. Market access should not therefore be considered the only determinant of the Round’s success. Instead, a blended approach should be adopted that delivered on market opening and, at the same time, created the policy space and flexibility for the small and the weak. The ACP Group of States faced a particular set of challenges which were partially a result of the previous round of negotiations. He requested that the results of this current round should not add to the burden of the ACP countries, particularly in light of the constructive and collaborative spirit that the group had shown in all areas of the negotiations. In the past, ACP countries had been lured by the promise of potential global gains from trade, but had in fact been left behind or subsumed in aggregate trade performance. All developing countries should be able to benefit from a fair share of global trade. In order to do this, countries needed the capacity to tap into new trade opportunities, and initiatives such as Aid for Trade were crucial in this respect.

149. As regards the way forward, WTO Members should strive to use the achievements reflected in the July Framework, the Hong Kong Ministerial Declaration and Chairmen’s reports to rekindle the negotiations. In the area of agriculture, the ACP countries sought to achieve a moderate-to-reasonable level of ambition in the tariff reduction formula; in NAMA they sought to ensure less-than-full reciprocity in reduction commitments. Finally, with respect to exports of a number of key products where they had preferential access, they faced the challenge of preference erosion, which was the major threat to their fragile economy, and thus sought the progressive removal of preferences so as to allow them to manage a smooth transition without blocking the multilateral trade liberalization process. But the major achievement for ACP countries in this Round would be to ensure duty-free quota-free market access for their products. Geneva should remain the nucleus of the negotiations and side events should be used only to feed into the process. Political statements now needed to be backed by concrete actions on the ground.

150. The representative of **Kenya** said that the decision taken at Doha to place development at the centre of the negotiations had been a milestone. The aim was to address the development needs and concerns of developing countries by unblocking the potential of international trade to contribute to development and poverty reduction. Participating in the negotiations had a cost implication for Kenya and other developing countries, as it spent resources from its limited budget that could otherwise have been spent on education, medicine and shelters in order to ensure that it remained engaged and that the country’s interests were taken into account. The slow progress and the suspension of the round was a major concern to developing countries and they were now keen for negotiations to be resumed. Positions on core issues remained polarized after Hong Kong, and the lack of agreement on modalities in agriculture and NAMA prevented progress in all other areas, including the work on special and differential treatment and implementation issues. Kenya supported the immediate resumption of negotiations. A development-oriented conclusion would facilitate the integration of developing countries into the multilateral trading system and promote policy coherence at the multilateral level. A failure would signal lack of interest in development. Agriculture negotiations needed to remain at the core of the negotiations. A reduction in subsidies in developed countries would pull millions out of poverty; but only if accompanied by supply-side improvements. The Aid for Trade initiative was to be welcomed and UNCTAD should play a vital role in its implementation. UNCTAD’s analysis and research on negotiation issues, particularly on agriculture and NAMA, were appreciated and



the international community and donors should assist UNCTAD to continue its analytical work.

151. The representative of **Mexico** said that international trade continued to be one of the engines of development. Developing countries had in recent years been a source of growth of international trade, and this had resulted in unprecedented sustainable and rapid economic growth. For economic growth to be sustainable, it was important to enhance the multilateral trade system. Mexico had a wide range of trade agreements, but attached the utmost importance to a solid multilateral system to foster development that provided predictability to economic actors and prevented commercial wars. Developing countries were the most affected by the rebirth of protectionist forces, and it was therefore important for negotiations to be resumed as soon as possible; this would require political will and flexibility from all Members, and particularly from those countries with a key role to play in enabling the resumption. The agriculture issue should be resolved urgently in order to unblock negotiations; this required an improvement in the offer by the United States on domestic support and by the EU on market access in agriculture. In addition, satisfactory solutions should be found on NAMA, services and rules. This implied that all Members needed to demonstrate flexibility in taking into account the needs of LDCs and the adverse impacts of erosion of preferences, as well as the possible negative effects on developing countries. Effective market access, matched with special and differential treatment provisions, was the best contribution that could be made to the growth and development of developing countries. UNCTAD should continue to contribute to the negotiations through its three pillars: research and analysis, technical assistance and consensus-building.

152. The representative of **Canada** applauded the leadership of the Secretary-General of UNCTAD in implementing a number of new strategies for UNCTAD to fulfil its development mission and contribute to the fundamental policy debate. The collective efforts being made by member States to enhance the Integrated Framework (IF) served as a reminder that development was at the core of UNCTAD's work and the Doha Round. Canada supported a successful conclusion of the Doha negotiations; an ambitious outcome in terms of market access, reductions in subsidies and strengthened trade rules would deliver the most significant gains to developing countries and LDCs. However, work on parallel issues such as the enhanced IF and Aid for Trade were critical elements that would create the conditions in which developing countries and LDCs could truly benefit from trade. Aid for Trade was part of the WTO agenda, was not conditional on the outcome of the Doha Round, and was not attached to market access negotiations. Market access and strengthened rules were not in themselves enough; developing countries and LDCs required the necessary support to take advantage of the Doha Round outcome and benefit from any market access provided. The IF Task Force and its recommendations had outlined key points for improving the IF as a mechanism to help bridge the gaps in institutional capacity in LDCs; this would make it possible for them to leverage opportunities available through trade liberalization and meet development challenges. Canada continued to support UNCTAD, particularly in the preparations for UNCTAD XII.

153. The representative of **Egypt** said that the Doha negotiations had reached a stalemate due to a clear lack of political will on the part of the major trading partners to address the main outstanding issues, particularly agriculture. Developing countries needed to gain true and unrestricted market access for their agricultural products if the negotiations on agriculture were to move forward. The negotiations on NAMA, services and special and differential treatment had been addressed in Hong Kong. However, there were still stumbling blocks such as NAMA and Aid for Trade which, when taken together with the issue of special and

differential treatment, had been held hostage by the negotiations on agriculture. Member States had different perspectives: some viewed the negotiations from a purely market access perspective, while other developing country Members regarded them from a developmental angle. Thus, the challenge remained how to reconcile the two diverging perspectives. The credibility of the WTO and the multilateral trading system were at stake if the negotiations failed or were suspended indefinitely. Major trading partners had a responsibility to relaunch negotiations, and it was only through an ambitious outcome that the Round's development objectives would be delivered. It was to be hoped that current consultations would result in an early resumption of the negotiations based on well-established mandates and that the right formula combining political will and honest leadership would be found for the round to be successfully concluded. For this to be achieved, key players would need to show the necessary flexibility. It was important to take into consideration the wider international economic and trading system that went beyond the WTO and which was composed of bilateral and regional spaces, as well as the interfaces and linkages between the two.

154. The representative of **Argentina** commended the secretariat for its background document and made particular reference to its conclusion, which was very precise in capturing the conditions faced by developing countries in the Doha negotiations. It was important that the negotiations be resumed, but this might require a substantial change in positions by a number of developed country WTO Members. Other trading partners such as the United States and EU were called upon to improve their respective positions on domestic support and market access in agriculture, respectively. Paragraph 24 of the Hong Kong Declaration should serve as the guide for WTO Members when they returned to the negotiating table. It was important to maintain a comparably high level of ambition in agriculture and NAMA. It was no longer possible to continue demanding commitments from developing countries. On Aid for Trade, its independence from the other areas of negotiations made it possible for WTO Members to continue discussions, and this had become a source of encouragement for them. Discussions in this area should not be held back by the lack of progress in other negotiation areas. In conclusion, development required market access, but also policy space for all, especially for the developing countries and LDCs.

155. The representative of **Malaysia** emphasized that the Doha negotiations were important for all stakeholders, and that unequivocal calls needed to be made for negotiations to be resumed as soon as possible. A substantive review of positions also needed to take place as this would allow for successful negotiations. The ASEAN Economic Ministers meeting of 21-22 August 2006 had called on WTO Members to review their positions and make any necessary adjustments for the Doha negotiations to be successfully concluded. The ASEAN Ministers had also committed themselves to doing their part in ensuring a meaningful and substantial outcome of the negotiations. Finally, countries should ponder the possible consequences of a failed Doha Round; developed and developing countries should together contribute to ensure a successful Round.

156. The representative of the **United States of America** said that her country was disappointed over the suspension of the Doha negotiations, but remained committed to unblocking the negotiations. The United States was seeking a balanced, comprehensive and ambitious outcome across the board, including NAMA and services; agriculture was the key, and a solution there was the necessary condition for success, but it was not the sole condition. Economics rather than politics were the root cause of the suspension. The United States had already made significant proposals that would require changes to its subsidies programme, but its offer was not a "take it or leave it" proposition. Ambition was important not only in subsidies but also in market access, since the Doha mandate did not establish a hierarchy

among agricultural pillars. Strong results in market access were particularly important, as the vast majority of the gains were expected from that pillar. The existing proposal did not meet the objective owing to high bound rates or various exceptions ("Black Box"). As regards NAMA, a substantial meaningful result to create real market access was needed, especially in the emerging countries, while taking into account the concern of small and vulnerable economies. The findings of UNCTAD's expert meetings showed that liberalization of services was critical, particularly in infrastructure, financial services, distribution, energy, telecom and logistics services. The United States was the largest single donor in the area of trade-related technical assistance, particularly for LDCs in the context of Aid for Trade. As a way forward, major players should launch initiatives and make significant contributions without waiting to see "who goes first". The United States was ready to do so by proposing additional cuts in its subsidies programmes provided that other key partners made improvements in agricultural market access. It was important to pursue quiet conversations in order to explore various options.

157. The representative of **Colombia** pointed out that her country had taken part actively in the Doha negotiations. However, the reality of the situation was that, as a development round, Doha had in fact brought more problems than benefits for developing countries. One of the questions that needed to be considered was whether two countries could have the same vision of development in the context of a WTO membership of 150 Member States. Yet another question that needed to be considered was how the concept of development would relate to trade negotiations. These questions were relevant, as the term "development" had for a number of developing countries become synonymous with a vision which was likely to be protectionist. This had led to a number of developing countries not making sufficient efforts in the current round of trade negotiations. Developing countries had to catch up with developed countries, but the latter were unable to make concessions merely on the basis of developing country requests, as they had to answer to their own constituencies. Some developing countries were also part of an "invisible" group that did not wish to push the Round ahead, as they sought solutions to their own problems within the framework of this development Round.

158. The representative of **Sri Lanka** pointed out that the missed deadlines of the Doha negotiations and the suspension of the Doha Round had damaged the image of the multilateral trading system. The responsibility to revive the process was now principally in the hands of the G-6 countries. As trade was an important instrument of development strategies, Sri Lanka supported an early conclusion of the Doha negotiations provided that trade liberalization commitments took into account the diversity of interests and different stages of development. Agricultural liberalization was the priority of a large number of members; however, this would be costly for a net food-importing developing country such as Sri Lanka with its large rural population and subsistence farmers. Sri Lanka was seeking adequate flexibilities, particularly in terms of special products and the special safeguard mechanism, while, to the extent possible, preserving agricultural tariffs at their current levels. The NAMA negotiations were of the utmost importance, and MFN tariff reduction should be supported, as the country's exporters faced very high tariffs and tariff peaks for its major export markets. The concern of preference-receiving countries over possible erosion of preferences was understandable; it was equally important to address the concerns of various developing countries so as to create a win-win situation. The Aid for Trade package now urgently needed to be operationalized.

159. The representative of **Australia** agreed that the Doha round could not be allowed to drift, as the opportunity for a fairer and more open trading system would then be lost. It was

important to establish the necessary conditions for a return to the negotiating table. It would be fruitless, or even fatal for the round, if negotiations were resumed before these conditions were established. Genuine and deep policy reform would be necessary given that the failure to conclude the agriculture modalities in July was due to the significant gap in positions in both the domestic support and market access pillars. In response to the view that an agreement had been within reach in July, he argued that the last few billion dollars of support and the last few per cent of tariffs mattered for new trade flows, including through cuts to applied tariffs and tariff rate quota increases. He noted that the market access pillar constituted the main promise for a development dividend and that a sensible and workable balance had yet to be found between the need to increase export opportunities and the need for protection for food security, livelihood security and rural development. He acknowledged the need for major developed economies to make contributions by improving their offers, but also called for greater assurances that there would be a contribution from all, including developing countries, other than the weakest, and in proportion to their capacity. The development success of the Round would not be measured by exceptions to rules, but rather by the creation of commercially meaningful new trade opportunities, combined with more targeted technical assistance to enable countries to take advantage of market openings, for example through Aid for Trade. He underscored that UNCTAD could have an important influence through a positive and constructive contribution to the trade and development debate and the Doha Round.

160. The representative of **Chile** recalled that UNCTAD had contributed to a greater understanding of the concept of development and performed valuable work and that its studies had had an impact on the debate on best practices on sustainable development. UNCTAD member States had discussed how UNCTAD should adapt its work to meet current needs, and how it should improve its efficiency to ensure that it could meet the challenges of a globalized world. UNCTAD should continue to provide developing countries with the best policy tools to allow them to reap the benefits of the multilateral trade system. The recent report by the Panel of Eminent Persons chaired by former Brazilian President, Mr. Cardoso, should and must play an important role in this debate. Organizations that were not able to face challenges risked becoming irrelevant. Referring to the discussion in the *Trade and Development Report 2006*, Chile noted that there had been no discussion on fishery subsidies. It was important for developing countries to address fishery subsidies, as they encouraged over-catch of marine resources, which was an environmental threat and diminished the competitiveness of other developing countries active in this sector. Along these lines, Chile stressed that it did not share a certain tone of criticism and pessimism regarding market policies, which were precisely the basis of the WTO and of the agenda item under discussion. The concerns expressed were not in line with Chile's experience of the last 30 years, featuring a highly liberalized economy, internally and externally, and high protection for foreign investment, private property and intellectual property rights, all of which had resulted in good and sustained growth of domestic production, thus reducing poverty from more than 40 per cent to less than 18 per cent in just a decade.

161. The representative of **China**, referring to the suspension of the Doha Round negotiations, pointed out that agriculture had been sidelined, along with other issues of importance to developing countries, such as special and differential treatment, non-tariff barriers, Customs duties and quotas. This had jeopardized the Round's development content, as well as the multilateral trading system. The successful conclusion of the Doha Round would be essential to improve the multilateral trading system for the purposes of development, poverty alleviation and achievement of the Millennium Development Goals. Failure to conclude the Round would most likely lead to increased protectionism, and this

was not in the interest of developing countries. China had played a positive role in efforts to reach a successful completion of the Doha Round and had worked constructively for an immediate resumption of negotiations. All countries now needed to demonstrate political will and flexibility and take time for thought. UNCTAD's three pillars could be used advantageously in this context to relaunch negotiations, establish confidence and give prominence to development, which could be expressed in practical terms through improved market access for developing countries, as well as special and differential treatment. This would enable developing countries to benefit from the Doha Round. UNCTAD's work in assisting developing countries in the process of accession to the WTO was appreciated. China was conscious of the importance of supply capacity building, competitiveness and infrastructure building, as well as the importance of UNCTAD playing a role through Aid for Trade.

162. The representative of **Indonesia** expressed his country's support for a rapid resumption of the Doha Round negotiations. While a suspension had been needed following the impasse over modalities in the agriculture and NAMA negotiations in July, almost five years of progress in advancing the development dimension in the Doha negotiations were now at risk and the development gains that were expected from a successful Round would now be delayed. Various developing country groupings had expressed their support for resuming negotiations; it was therefore important that developed countries returned to the negotiations with a demonstrated readiness to remove agricultural subsidies and increase market access for agricultural goods; they also needed to adopt a position which supported the objective of realizing the development dimension of the Doha Work Programme. It was important that the negotiations remained fully consistent with the Doha Mandate, the July Framework and the Hong Kong Declaration, which placed the needs and interests of developing countries at the heart of the Round, and that the ambitions secured in these agreements should not be lowered. The Aid for Trade initiative and UNCTAD's contributions to it were to be welcomed. All WTO Members, in particular developed country Members, should remain committed to working towards agreements on the various special and differential treatment proposals submitted by developing countries in all areas of the negotiations. Indonesia attached particular importance to special products and special safeguard mechanisms, the aim being to help developing countries to address fundamental development concerns such as food security, livelihood security and rural development. Without satisfactory results on these two issues, it would be difficult for Indonesia and the G33 group of countries to accept any outcome of the negotiations.

163. The representative of **Japan** expressed support for a wide range of UNCTAD's activities aimed at assisting developing countries to realize their goals. UNCTAD's capacity-building activities in the areas of trade negotiations and WTO accession and its contributions to the Integrated Framework for LDCs were commendable. He also looked forward to UNCTAD's positive role in the Aid for Trade initiative and in efforts to promote an early resumption of the Doha Round. In respect of the Doha negotiations, he expressed strong regret over the suspension of negotiations, and reiterated Japan's commitment to make every effort to help reach an early resumption of negotiations. Yet, regardless of the suspension, Japan was determined to continue implementing the Development Initiative for Trade launched at the Hong Kong Ministerial Conference. UNCTAD could play a constructive role to help reach an early resumption of the Round. While a successful conclusion of the Doha Round and its implementation remained an overriding goal, the importance of South-South cooperation in promoting the economic growth of developing countries should not be overlooked. Replicating success stories and applying lessons learned in developing countries was a valuable and effective way to advance development, particularly in Asian countries.

UNCTAD should be a strong leader in promoting South-South cooperation, including through the GSTP. By complementing the multilateral trading system and providing further opportunities for economic growth, regional trade agreements were also important factors for promoting development. Attracting investment from the private sector was crucial for development and for trade and investment to grow hand in hand. UNCTAD's work on Investment Policy Reviews was to be commended, and Japan looked forward to its work with the WTO and OECD on investment issues.

164. The representative of the **Philippines** emphasized that UNCTAD played an important role in pushing forward the Doha negotiations and in fostering a greater sense of ownership in the multilateral trading system. Only the UN had the confidence of developing countries and the universality of membership to develop global solutions to global challenges in a consensual manner. Building consensus on the political and normative dimensions of the multilateral trading system and translating this into concrete and tangible outcomes in the WTO should be one of the new priorities of UNCTAD's work. There was also a need to strengthen the relationship between UNCTAD and the WTO. The perceived diminution of UNCTAD's consensus-building role was to be regretted, and was partly due to the mistaken perception that the establishment of the WTO had diluted UNCTAD's relevance. The São Paulo Consensus and the UN General Assembly had called on UNCTAD to contribute meaningfully to the broader work of the UN in development, and UNCTAD's consensus-building work needed to be enhanced. UNCTAD's work should include fostering greater systemic coherence for development to allow the multilateral trading and financial systems to work in a complementary manner. Discussions should include a real debate on controversial issues for confidence-building through real dialogue. The Philippines hoped that the fifty-fourth session of the Board would result in negotiated outcomes on all agenda items of special importance for developing countries, including the post-Doha review. This should set the stage for a more meaningful debate in UNCTAD, as well as a more focused input by the Board into the General Assembly; this could constructively and concretely contribute towards a multilateral trading system that was truly an engine of development.

165. The representative of **Azerbaijan** reiterated his country's support for the recommendations contained in the highly useful evaluation of UNCTAD's trade-related technical assistance and capacity-building on accession to the WTO (TD/B/WP/190). Azerbaijan was unequivocally committed to joining the WTO, as membership under the appropriate WTO accession commitments would give a strong impetus to developing the country's fragile economy and guaranteeing the country's effective integration into the multilateral trading system. Azerbaijan faced a number of challenges in the WTO accession process: its lack of territorial access to the sea and remoteness from world markets resulted in high trade transaction costs which had a considerable negative impact on the country's competitiveness. Furthermore, its dependence on one sector – the energy sector – had rendered it vulnerable, and this was exacerbated by the existence of poverty and unemployment and the presence of refugees. UNCTAD's technical assistance on WTO accession in elaborating and realizing appropriate trade policies and efficiently integrating into the world economic system was highly appreciated. Adopting the "appropriate trade policy" did not mean full protectionism, nor did it mean full and rapid liberalization, which could harm already fragile economies. It meant finding an optimal balance between liberalization and development at each development stage and ensuring that liberalization would not result in the growth of poverty, but that it would on the contrary lead to poverty eradication and economic development. Azerbaijan was fully committed to supporting an open, fair, equitable, rules-based and development-focused multilateral trading system.

166. The representative of **Benin**, speaking on behalf of the **LDCs**, thanked the secretariat for the quality of the background document, and more generally for UNCTAD's work in support of LDCs. LDCs had had high expectations following the launch of the Doha Work Programme and the results achieved before and after the Hong Kong Ministerial Meeting, including the amendment of the TRIPS agreement to facilitate access to essential medicines, and the extension of the transition period for LDCs under the TRIPS agreement. In respect of agriculture, the LDCs welcomed the agreement that export subsidies would be eliminated by 2013; they also welcomed the progress made in the elimination of all forms of export subsidies for cotton and duty-free and quota-free market access for cotton exports originating in LDCs from the start of the implementation period. On development issues, the LDCs welcomed the principle that Aid for Trade was indispensable as it would allow developing countries to benefit from trade negotiations, without replacing the development gains emerging from a positive conclusion of the Doha Round.

167. The reports of the Task Force on Aid for Trade and the Integrated Framework stated that the resources allocated to these programmes should be additional, substantial, sustainable, predictable and provided as grants. The LDCs wished to establish a mechanism to ensure resource mobilization to finance actions planned in the framework of Aid for Trade. While some progress had been achieved, it remained insufficient in view of the level of ambition of the Doha Work Programme. The suspension of the Doha Round negotiations would have a highly negative impact on LDC economies, which would also be the biggest victims if the Doha round were to be extended. This was illustrated by the case of African cotton producers, who would continue to face low world prices for cotton. LDCs were also concerned about the implementation of duty-free and quota-free access for products originating in LDCs. The fact that appropriate and relevant recommendations on Aid for Trade had not been adopted and that there had been no effective and immediate implementation of these provisions was a setback. The LDCs were even more frustrated because of the costs they had incurred in participating in the negotiations and the efforts they had made in vain. Negotiations should resume as soon as possible, as a multilateral framework was ideal for developing countries because of its principles of non-discrimination and transparency. LDC priorities remained focused on the granting of special and differential treatment for sectors of importance to developing countries such as agriculture, NAMA and development issues. Greater participation of LDCs in the international trading system would also require facilitating market access through the elimination of subsidies for products that LDCs produced. Efforts should focus on the development of productive capacities, improvements in production, and export diversification. To achieve these objectives, technical assistance from developed countries would be needed; the LDCs therefore called on donor countries to extend and intensify their technical and financial support for projects and programmes implemented by UNCTAD.

168. The representative of the **Russian Federation** stated that his country had carefully observed the outcomes of the WTO's Hong Kong Ministerial Meeting and had been interested in the outcome of the negotiations on agriculture, rules and non-agricultural market access (NAMA), because about a third of Russia's GNP and more than half of its economic growth were attributable to foreign trade. The recommendations on WTO issues issued by the G8 Summit in St. Petersburg provided the necessary political momentum to the process of negotiations. WTO accession was a priority issue for Russia, and full-fledged WTO participation would be in the interest of all WTO Members. UNCTAD's technical assistance on WTO accession issues was important, and cooperation between UNCTAD and WTO should be strengthened. UNCTAD had an advantage in trade-related technical assistance and was thus a major partner in the Aid for Trade initiative.

169. The representative of the **Moldova** expressed satisfaction with the quality of the secretariat's background note and extended her deep appreciation to UNCTAD for providing valuable technical assistance to her country in connection with the participation of Moldova and other countries with economies in transition in the Doha round. The successful conclusion of the Doha Round was quite important for her country, which was a small low-income country in transition and also landlocked. Taking into consideration the extremely high, even unprecedented, level of liberalization commitments and obligations undertaken by her country and other new WTO members during their accession, it was important for the Round to have balanced and pro-development results, as the main objective of the Round should focus on the development priorities of all countries, including countries with economies in transition. On the other hand, the Round's greatest potential development benefits would come mainly from achieving new and real market access for products (especially agricultural goods) and services of export interest to Moldova, but also from achieving more flexible rules and disciplines in such areas as trade facilitation that would reflect specifically Moldova's level of development, including human and institutional capacities. Taking into consideration the limited human and institutional capacities of Moldova, as well as its very restricted and quite limited supply capacities and level of competitiveness, the substantive concern was to benefit from an effective Aid for Trade endeavour. The position in this regard had been expressed very clearly to the WTO Task Force – the Aid for Trade implementation modalities and activities should treat small low-income countries in transition as major and direct beneficiaries. Continued technical assistance was necessary for Moldova's beneficial and pro-development integration into the international trading system.

170. The representative of **Belarus** stated that the review of developments and outcomes of the Doha negotiations by the Trade and Development Board with the participation of the States currently in the process of accession to the WTO was timely and contributed to consensus-building in the ongoing trade negotiations. As a country with an open economy, Belarus was following the Doha negotiations closely and agreed with the conclusions in the secretariat's background note that the successful completion of the Doha negotiations would make a valuable contribution to world economic growth, poverty eradication and development. Transition economies which had recently acceded to the WTO faced huge difficulties in implementing economic and trade policy reforms because of the very high level of commitments they had to undertake as part of their terms of accession. This underscored the importance of non-discriminatory terms of accession to WTO which denied the one-size-fits-all approach and were commensurate with the level of development of the countries concerned, as well as the commitments that had been undertaken by existing WTO members. Continued assistance by UNCTAD to the countries with economies in transition on WTO accession issues was important, as was its support to implement the recommendations in the report on the "Evaluation of UNCTAD'S trade-related technical assistance and capacity-building on accession to the WTO" (TD/B/WP/190).

171. The representative of the **Islamic Republic of Iran** pointed out that, despite five years of negotiations, rules governing the multilateral trading system and trade liberalization had not yet met the promise of the Doha Declaration and the needs of developing countries. The economic growth experienced during this period should not prevent countries from working harder to open up to more trade and to facilitate the efforts of developing countries to increase their share. A consensus had been reached in certain areas, but tangible progress needed to be made in other areas such as cotton or special and differential treatment. Some members had rushed into bilateral or regional trade preferential agreements after the negotiations had been suspended. Under such agreements, some issues of developmental



importance, e.g. subsidies, had been left out. The linkages between the Doha Round and the Millennium Development Goals meant that a resumption of the Round was now vital. Goal 8 of the MDGs could only be realized with a successful Doha Round. The Hong Kong Ministerial Declaration had reaffirmed the commitment to turn the WTO into a truly global body. In Iran's case, the accession process had been rapid and smooth, and the accession of new countries to WTO could only strengthen the system. On the other hand, the conditions placed on developing countries in the accession process had to be commensurate with their level of development. In this context, UNCTAD should be praised for the major role it played in providing analytical and technical support to developing countries, as well as in the process of accession to WTO and participation in the Doha negotiations.

172. The representative of the **United Republic of Tanzania** highlighted the importance of the assistance provided by UNCTAD to enhance the international economic community's development agenda. The Doha Round of negotiations needed to be relaunched. UNCTAD had a responsibility to support developing countries, particularly LDCs. Enhanced financial support to UNCTAD was needed so that it could continue assisting marginalized countries on development issues. Over-reliance on market access alone would not provide the necessary resources for meeting the basic needs of people in developing countries. Agriculture was a means of survival for the majority of the population in developing countries and LDCs; agricultural subsidies in developed countries had led to increased poverty and social insecurity in these countries following the dislocation of the means of production. Some countries had experienced food deficits and consequently imported food and needed foreign currency to do so; however, most of these countries were reliant on the export of commodities whose prices had been falling; commodity markets needed to be revived in order to generate the necessary resources to allow these countries to pay for imports. UNCTAD, together with other organizations, could strengthen support by focusing not only on liberalization but also on trade fairness, including the dismantling of subsidies. The multilateral trading system alone could not integrate developing countries into world trade; appropriate policies were needed to minimize price influences from developed countries, as well as to provide support to poor countries in meeting stringent international standards which could wipe out export opportunities. It was also important to encourage foreign investment to ensure the provision of support to local providers.

173. The representative of **Norway** expressed concern over the suspension of the Doha Round. The issue was now how to resume the negotiations, and quiet diplomacy was clearly needed in this respect. New conditions needed to be created before resumption. The secretariat background note was useful as it provided an overview of trends in international trade, the development package and the status of different areas of negotiations. Increased trade opportunities for developing countries and LDCs would be WTO's largest contribution to development. It was therefore important to institute an effective Aid for Trade (AfT) initiative. Norway welcomed and supported the conclusions contained in the Aid for Trade Task Force report, namely that: Aid for Trade was important in its own right; it should assist developing countries in benefiting from increased opportunities; it should complement, but not substitute market access under the Doha Round; and it should not be conditional upon the Round. Norway would play a constructive role in follow-up discussions and was committed to the enhanced Integrated Framework which would be implemented on 1 January 2007. With regard to services negotiations, Norway agreed with the observation of the secretariat that services trade was crucial to the development outcome. Plurilateral negotiations provided impetus, which proved to be useful in clarifying issues as well as creating a constructive atmosphere. Broader participation would enhance future progress. In respect of the commitment on duty-free and quota-free market access for LDCs, Norway had been among

the first countries in the world to implement the GSP on 1 October 1971, and tariffs had been fully eliminated on products exported from all LDCs and no quotas had been applied since 1 July 2002.

174. The representative of **Bangladesh** highlighted UNCTAD's added advantage over other international organizations in the field of global trade-related development issues. After the WTO Hong Kong Ministerial Conference in December 2005, LDCs had not been overly enthusiastic about the development aspects of the outcome; however they were ready to engage constructively with their trade partners to ensure the successful implementation of the important decisions taken in Hong Kong. LDCs were disappointed that the negotiations were stalled and hoped that they would start soon. LDCs had, unfortunately, not been granted the duty-free quota-free market access for all their goods that had been promised time and again. LDC exports had increased by 27.5 per cent, mainly due to the increase in the oil exports of a few LDCs, but overall the group's share in the world market remained marginal at 1.8 per cent. It was now more important than ever that LDCs be provided with duty-free quota-free market access for all their products in developed country and developing country markets.

175. The representative of **Angola**, speaking on behalf of the **African Group**, said that African countries were participating in the Doha negotiations with the aim of using trade as an engine to achieve their trade and development goals. The African Group attached importance to reductions in trade barriers, including non-tariff barriers, imposed on products of export interest to African countries. The Group was also interested in the elimination of agricultural export subsidies and substantial reductions in domestic support, the enhancement of domestic policy space, and greater discretion in the use of a range of policy measures for building and strengthening supply response and competitiveness.

176. The suspension of the Doha negotiations should not lead to a lower level of ambition concerning the development objectives set out in the Doha mandate. Coherence between trade negotiation outcomes and the implementation of the MDGs should be ensured. African countries had high expectations on Aid for Trade, which should aim to generate financial resources commensurate with their needs. UNCTAD's technical assistance and capacity-building support in the Doha negotiations, in particular programmes such as JITAP, SADC services capacity-building, and general advisory and technical support for African countries, were appreciated. Africa now needed to work more towards supply capacity-building. UNCTAD was expected to be a key actor in any Aid for Trade mechanism at national, regional and global levels.

177. The African Group understood that multilateral liberalization could be substantial and rapid, but this was likely to impose immediate negative effects on many African countries in terms of preference erosion; fiscal revenue, output and employment losses; food import bills; and import surges. It was therefore necessary to find ways of mitigating the adjustment costs of liberalization and economic reform. It was to be hoped that such concerns could be taken into account in the final results of the Doha negotiations.

178. The representative of the **African Union** expressed the disappointment of African countries over the setback in the Doha negotiations. The negotiations were at risk because of domestic political and electoral considerations and the expiration of the US Trade Promotion Authority in June 2007. African countries hoped that the round could be concluded within the agreed timeframe, as it was critical for Africa's development. The negotiations should be transparent and inclusive to make it possible for African countries to participate effectively; the negotiating mandates of the Doha Work Programme should also be respected and fully implemented. The many constraints faced by African countries meant that they were not in a

position to take full advantage of the trade opportunities arising from market access negotiations. The specificities of African countries needed to be addressed through appropriate flexibilities. The Aid for Trade initiative should be expedited in order to build capacities in trade-related infrastructure and improve the competitiveness of African economies. The initiative should also be supported through secure, predictable and additional financial resources. The technical assistance provided by UNCTAD to African countries was appreciated, especially on commodities and experience and data sharing at the regional level in areas such as trade facilitation, sustainable development, biodiversity, services liberalization, and new and dynamic sectors. For Africa's trade and development policies, consistency and coherence between the monetary, financial and trading systems were crucial. UNCTAD was playing a major role in helping African countries to better understand and formulate sound policies to cope with the complexity of the rules governing the institutions engaged in global economic governance.

179. The representative of the **Third World Network** highlighted the importance of the international trading system providing policy space and urged developing countries to use the space well. The current status of the Doha negotiations was disappointing, particularly as special and differential treatment and development issues had disappeared from the agenda and the development dimension was barely reflected in the discussions on agriculture and NAMA. African experiences in the poultry sector served as a concrete example of the developmental importance of concepts such as special products and special safeguard mechanisms. It was important to ensure the effective implementation of the principle of “less than full reciprocity”, mandated in the Doha Declaration. Existing proposals of developed countries seeking coefficients of 10 for developed countries and 15 for developing countries as part of a Swiss formula did not fulfil this principle. With these coefficients, a developed country with an average industrial tariff of 3 per cent would have to cut that average by only 28 per cent, while a developing country with an average tariff of 30 per cent would have to cut that average by 67 per cent. This implied that developed, not developing, countries enjoyed less-than-full reciprocity. The principle required that developing countries should be allowed to cut the average by less than developed countries. Thus, assuming that less-than-full reciprocity implied the level of a cut was two-thirds lower for developing countries than for developed countries, an appropriate level of an average cut for developing countries would be 18.5 per cent, which would translate into a coefficient of 120. The NAMA negotiations should be conducted in terms of the degree of tariff reductions, and then the agreed rates could be translated into coefficients.

## Chapter VI

### **UNCTAD'S CONTRIBUTION TO THE IMPLEMENTATION OF AND FOLLOW-UP TO THE OUTCOMES OF THE MAJOR UNITED NATIONS CONFERENCES AND SUMMITS IN THE ECONOMIC AND SOCIAL FIELDS**

(Agenda item 6)

**UNCTAD's contribution, within its mandate, to the implementation of, and to the review of progress made in the implementation of, the outcomes of the major United Nations conferences and summits, under its relevant agenda items**

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

“Progress made in the implementation of the outcomes of the major United Nations conferences and summits, and UNCTAD's contributions: Note by the UNCTAD secretariat” (TD/B/53/6).

#### **President's summary of discussions**

181. The Trade and Development Board noted that UNCTAD, as the sole focal point within the UN system for the integrated treatment of trade and development and interrelated issues in the area of finance, technology, investment and sustainable development, had a vital role to play in the implementation of and follow-up to the outcomes of major UN conferences and summits, including the Millennium Declaration, and also in addressing emerging issues and needs related to these outcomes. Delegations welcomed the opportunity to review the contributions of UNCTAD to the implementation of these commitments, and urged the secretariat to continue to contribute through more concrete actions in the sphere of its core mandates. At the same time, the secretariat was cautioned not to disperse resources in too many directions but to maintain the focus of work on priority areas.

182. The major UN conferences and summits had engendered a significant number of commitments by the international community oriented towards development objectives. It was noted that developing countries had liberalized their economies in response to these commitments, but developed countries had not always been reciprocal in fully meeting their commitments. For instance, promised investment flows to developing countries that were to result from liberalization had not always been realized. UNCTAD was urged to encourage the realization of these shared commitments by the international community.

183. The progress in the implementation of the São Paulo outcomes had been reviewed in the Mid-term Review process. The role of the Board and Commissions in the progress review on other outcomes that fell within the mandate of UNCTAD needed to be strengthened. While the secretariat had been undertaking technical work in this regard, the work by the intergovernmental machinery was not sufficient. A review mechanism was needed, particularly in such areas as commodities, debt, investment and systemic coherence. It was proposed to organize special sessions of the Board to review the progress of and to draw up future plans on the implementation of the Millennium Declaration and the outcomes of other major conferences and summits. The outcome of such sessions would also provide substantive inputs to the follow-up process undertaken by the General Assembly and ECOSOC.

184. UNCTAD XII, which would be convened in 2008, would coincide with the half-way mark of the timeframe for meeting the Millennium Development Goals (MDGs). It was therefore proposed to incorporate, simultaneously with UNCTAD XII, a process of reviewing UNCTAD's contribution to progress towards meeting the MDGs. In this regard, a report on UNCTAD's contribution could be prepared.

185. UNCTAD's work on the outcomes of the International Conference on Financing for Development was recognized and supported. UNCTAD's core mandate and competence would allow it to contribute directly to the follow-up to that Conference. There was a need, however, to conduct a substantive assessment at the intergovernmental level on the implementation of the Monterrey Consensus in particular. This could possibly be organized in the context of the proposed special sessions of the Board. The secretariat could also prepare a report in this regard.

186. UNCTAD's lead role in facilitating capital flows to developing countries was recognized, and the secretariat was encouraged to continue capacity building in developing countries in this regard, as well as its work to enhance transparency and the quality of information on financial and investment flows, playing the role of information clearing house in this regard.

187. Poor progress on the commodities sector was noted with concern by many delegations. The importance of the sector for development and poverty eradication, especially in developing countries dependent on commodity exports, buttressed arguments that UNCTAD should continue to contribute substantially on this front. It was asked whether research and analytical outputs would be forthcoming on this topic, given UNCTAD's strength in research. While delegations appreciated concrete projects undertaken by the secretariat so far, frustration was expressed over the lack of progress in establishing the International Taskforce on Commodities mandated at UNCTAD XI in São Paulo. The secretariat was urged to reflect upon the problems it faced in these areas, and to work on more substantive solutions to the problems faced by commodity-dependent countries, rather than undertaking too many diverse and side activities. The secretariat was requested to present a report that elucidated upon what it had done in the area of commodities, and to define a roadmap on how it intended to proceed on this issue, keeping these sentiments in mind.

188. It was noted that trade was one of the major sources of income in developing countries that provided resources for development. There was a need for the international community and institutions like UNCTAD to contribute to a better understanding of the important issues at stake and the concerns and interests of developing countries. Delegations cautioned that, with the suspension of the Doha Round, the progress made by developing countries on the trade front would be compromised, and urged UNCTAD to play a stronger role in assisting these countries. UNCTAD should continue its customized assistance to developing countries in preparing sound proposals for trade negotiations and conducting a development needs assessment of non-WTO members in the prelude to accession. It was underscored that UNCTAD could, and must, contribute towards moving the negotiations forward for the realization of development goals of the Doha Round. UNCTAD was also encouraged to work in the framework of Aid for Trade.

189. It was noted that UNCTAD had a vital role to play in the implementation and follow-up of the Almaty Programme of Action to address the special needs of landlocked and transit developing countries, particularly through strengthening the transit transport framework that facilitated trade and investment.

190. It was stressed that UNCTAD's work in the follow-up to the major UN conferences and summits should be closely coordinated with other UN agencies. To this end, the secretariat was requested to submit a report on its cooperation with other trade and development-related organizations to the Board at its fifty-fourth session. Further, the importance of coherence between UNCTAD and ECOSOC, WTO, and the Bretton Woods institutions was underlined. UNCTAD was encouraged to continue the dialogue with the Bretton Woods institutions and WTO, organized in the context of ECOSOC. The Board should also cultivate a closer relationship with civil society and the private sector, as such interactions would enrich the debate and materially advance the agenda.

191. UNCTAD's work in respect of South-South cooperation and cooperation with regional commissions was recognized, and further efforts in this direction were encouraged. The work on regional cooperation and South-South trade in commodities in particular needed to be enhanced. UNCTAD could provide policy options derived from the experiences and best practices in the South for the benefit of other developing countries. It could also assist regional institutions and arrangements in achieving better coordination for implementation of the relevant policies.

## Chapter VII

### **MATTERS REQUIRING ACTION BY THE BOARD IN THE FOLLOW-UP TO THE ELEVENTH SESSION OF THE CONFERENCE AND ARISING FROM OR RELATED TO REPORTS AND ACTIVITIES AND OTHER BODIES**

#### **Report on UNCTAD XI multi-stakeholder partnerships**

192. The **Deputy Secretary-General of UNCTAD** said that UNCTAD XI had launched partnerships in four key areas. In the area of information and communication technologies for development, there were five partnerships. The Partnership on Measuring ICT for Development had produced a core list of ICT indicators, and its website provided a portal for all current work on measurement of the information society. It was now focusing on capacity building and on developing an international database on ICT indicators. The UNCTAD E-Tourism Initiative had generated many requests for capacity building assistance, and its website and its role at various meetings and in the preparation of information and training material had raised its profile. In the framework of the Free and Open-Source Software Partnership, UNCTAD had held an expert meeting and signed a number of memoranda of understanding with the private sector and with national and local authorities. Finally, through the partnerships on National ICT Strategies and Policies and on E-Business and E-Finance, the UNCTAD secretariat had conducted policy research and analysis, as well as providing technical assistance to developing countries in the area of ICT for development, trade and enterprise competitiveness.

193. In the area of capacity building and training, including training and academic institutions, UNCTAD's Virtual Institute now had 15 member universities. It had conducted professional development workshops on trade and investment issues for African and Asian university teachers and researchers, and it had provided advice on course curricula and developed teaching materials. The second Virtual Institute meeting would address the prospects for WTO negotiations from the perspective of developing countries.

194. With regard to investment, UNCTAD had promoted a better understanding of FDI issues through the organization of seminars and workshops, and it had taken a wide range of initiatives to support efforts to attract investment, including the dissemination of the UNCTAD Investment Guides and the Blue Books on Investment Promotion and Facilitation. The Silk Road Initiative was a partnership between UNDP, UNCTAD and UNWTO that aimed to enhance regional cooperation and integration among Central Asian countries in trade, investment and tourism. UNCTAD had also used partnerships to promote human-resources and institutional capacity building, for example in the area of intellectual property rights and development. In the area of SMEs and entrepreneurship, UNCTAD was working with OECD and the University of Fribourg on a research project on "How to better integrate SMEs into global value chains".

195. Finally, in the area of commodities, the functioning of the International Task Force on Commodities had unfortunately been delayed by a lack of extrabudgetary funds. However, a first meeting of the Task Force would be convened later in the year using secretariat resources, and he reiterated UNCTAD's plea for extrabudgetary contributions to enable the Task Force to function as originally envisaged. At the same time, the UNCTAD secretariat had expanded its commodity-related partnerships with other international organizations such

as FAO and the Common Fund for Commodities, with intergovernmental bodies such as the African Union, and with national and local governments, the private sector and civil society.



## Chapter VIII

### OTHER MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT

#### **Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its thirty-ninth session (Geneva, 24–28 April 2006)**

196. The **President of the Joint Advisory Group (JAG)**, introducing the report (ITC/AG(XXXIX/208), said that, in their opening statements, the Director-General of WTO and the Secretary-General of UNCTAD had emphasized that ITC's work with the private sector would help ensure that developing countries benefited fully from the multilateral trading system. Countries had requested more ITC programmes that would have a real impact on poverty reduction, for example in the areas of South-South trade, services exports and initiatives to mainstream women into trade. Many countries had emphasized the role that ITC should play in the Aid for Trade initiative, since it lay at the heart of ITC's mandate. A number of Governments had announced voluntary contributions to ITC.

197. The external evaluation of ITC had been completed, and it was now to be followed up by JAG and the ITC management. JAG had invited ITC to report back regularly on progress made in implementing the recommendations addressed to it. The Executive Director designate had proposed to put in place a transition team to review the implications of each recommendation and propose concrete measures for their implementation. Finally, ITC had been requested to prepare its strategic framework for the biennium 2008–2009. A draft had been sent to members for comments, and a number of useful comments had been received and incorporated into the draft.

## Chapter IX

### INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

#### **Report by the President of the Advisory Body set up in accordance with paragraph 166 of the Bangkok Plan of Action on the implementation of courses by the secretariat in 2005–2006 and their impact**

198. The **President of the Board at its fifty-second session**, speaking in his capacity as **President of the Advisory Body**, said that the Advisory Body had met in February to review the implementation of the paragraph 166 courses taking into account the external evaluation conducted by outside evaluators. The Advisory Body had endorsed the secretariat's plan to conduct six regional courses in the biennium 2006–2007: a course for Arab countries in June–July 2006 in Beirut in collaboration with UNESCWA; a course for countries with economies in transition in September–October 2006 in Belgrade in collaboration with UNECE and with the support of the Ministry for International Economic Relations; a course for Asian and Pacific countries in November–December 2006 in Bangkok in collaboration with UNESCAP; a course for African countries in February 2007 in Cairo; a course for Latin American and Caribbean countries and a course for Arab countries in 2007 at venues and times to be determined. The secretariat had taken into consideration the recommendations of the external evaluators for the design and implementation of the courses. It planned to organize a series of short courses on specific subjects for Geneva-based delegations. The courses drew on UNCTAD's perspectives and expertise, its analytical work and lessons drawn from technical cooperation activities, and they continued to highlight developing countries' perspectives in respect of key international economic issues.

199. With regard to funding, the Working Party had noted the need for more predictable funding of courses, and although funding had been approved by the Fifth Committee of the General Assembly in late 2005, it would not cover the six planned courses. He therefore called on donor countries in a position to do so to provide funding.

## Chapter X

### INVESTMENT POLICY REVIEW OF RWANDA

200. The Investment Policy Review of Rwanda was presented on 3 October 2006. Dr. Supachai Panitchpakdi, Secretary-General of UNCTAD, welcomed the high-level participation by the Government of Rwanda — led by the Hon. Mr. Bernard Makuza (Prime Minister) and H.E. Mr. Vincent Karega (Minister of State in charge of Industry and Investment Promotion) — and by participants from other countries. He congratulated the Government of Rwanda on its efforts in reforming the economy and on the tremendous progress made in the past decade. The session was chaired by H.E. Mr. Gyan Chandra Acharya, Ambassador of Nepal.

201. The UNCTAD secretariat introduced the main findings and recommendations of the Investment Policy Review of Rwanda. Rwanda had made great progress and had carried out major reforms in the past decade, but the main traditional drivers of FDI were weak. The IPR proposed an unconventional strategy to attract FDI, based on three principal elements: (i) turning Rwanda into a centre of excellence in soft infrastructure and governance; (ii) putting in place a skills attraction and dissemination programme; and (iii) a series of industry initiatives. The secretariat noted that progress in implementation of the recommendations had already been made, but the ambitious programmes would require strong and long-term commitment from the Government and additional support from the international community. The secretariat stressed that it would continue to help Rwanda implement the recommendations of the report.

202. The representative of Rwanda thanked UNCTAD for the Investment Policy Review and the Investment Guide. He highlighted the importance of FDI for development. Noting that Africa received very small inflows of FDI, he stressed the need for the continent to reposition itself, and said that UNCTAD could assist countries in improving their business environment and mobilizing private resources for development. The IPR's recommendations were in line with the Government's reform policies. Rwanda had been one of the first countries to submit itself to NEPAD's peer review system, because it was committed to good governance. The Government wanted to turn Rwanda into a centre of excellence in soft infrastructure and governance. He outlined the major efforts made in creating an environment conducive to investment. These included restoring peace and security, introducing a new investment code, implementing free-market policies and adopting zero-tolerance policies on corruption. Furthermore, the Government had reformed the education system and improved the skills base in line with Vision 2020; a service culture was being introduced into the public administration and a national agency had been established to improve institutional and skills capacity. Also, the Government was promoting a "knowledge-based economy", and the private sector was being involved in decision-making. It was important that the world knew what Rwanda was doing, so that the clichés plaguing the country could be removed. He highlighted investment opportunities in Arabica coffee, tea, methane gas and high-end tourism, as well as ICT, the ambition being to turn the country into the "knowledge-based economy" to which he had just referred. Other niches included essential oils, horticulture and mining. Moreover, Rwanda's financial system was one of the most stable in Africa. However, like all LDCs, Rwanda had poor infrastructure and weak capacity, and it sought assistance from the donor community, including from the African Development Bank and through Aid for Trade.

203. Those making comments at the meeting included the President of the African Development Bank, the ambassadors of Finland, Mauritius, Singapore and Belgium, and government representatives of the United States, Canada, the Dominican Republic, Benin, Zambia, China and Burkina Faso. All delegates acknowledged that the IPR had raised pertinent questions and made concrete recommendations. They praised the significant efforts to tackle corruption, improve governance and strengthen public administration, in the face of the challenges confronting Rwanda as a small landlocked country.

204. The representative of the African Development Bank said that Africa had not attracted much FDI other than in the natural resource extraction and telecom industries. However, there were ample financial resources in the world in search of profitable investment opportunities, and Africa needed to tap those resources by further improving its investment climate. The IPR had asked the right questions and proposed a number of good ideas and concrete measures for moving forward. He stressed Rwanda's commitment to making good governance a platform for attracting investors. The African Development Bank had been promoting regional trade integration in Africa. Noting that Rwanda's infrastructure and skills base were improving, he said that this boded well for investment. The African Development Bank would increase its focus on infrastructure development in Africa from 30 per cent to 40 per cent of total loans, with other priorities including regional trade integration, the investment climate and private sector development.

205. The representative of Finland, speaking on behalf of the EU, Bulgaria and Romania, said that the EU was supporting Rwanda's peace and reconstruction efforts, as well as good governance and aid coordination. Economic partnership agreements were important for Rwanda's future. The IPR opened up new ways of cooperation with Rwanda, and it could be linked to the action matrix on investment in the Integrated Framework. The EU pledged continued support to Rwanda for implementing the follow-up recommendations of the IPR.

206. The representative of Mauritius called Rwanda a beacon of hope for Africa and praised the vision of its leaders and the resilience of its people. He noted that the country faced a number of challenges and constraints, similar to those that Mauritius had faced a couple of decades earlier. He thanked UNCTAD for the IPR of Mauritius in 2000, which had provided useful insights into how the country could make a strategic vertical and horizontal shift. FDI had played an important role in enabling Mauritius to diversify from a mono-crop economy into tourism, financial services and ICT. FDI could play a similar role in Rwanda, and he stressed the need for political stability, economic good governance, open policies, the provision of adequate infrastructure for start-ups and the improvement of education. Mauritius' policy stance had been influenced by the IPR, and he hoped that the IPR of Rwanda would have a similar effect on the latter.

207. The representative of Singapore praised Rwanda's progress, which he attributed to good political leadership, respect for property rights and macroeconomic reforms. He was also positive about the country's growth prospects and Vision 2020 strategy. Singapore had started, in the 1950s, from an economic position somewhat similar to Rwanda's, and both countries were committed to having good governance and no corruption. He commented on the IPR recommendation that a skills attraction and dissemination programme be set up in Rwanda, and drew lessons from Singapore's own experience with such programmes. He stressed the need to reduce red tape and create a single agency to deal with immigration issues. Also, he indicated the need to be focused in attracting skills and to carefully structure skills dissemination programmes. In conclusion, he commended the IPR recommendations, and said that the skills attraction programme could make a significant contribution to development in Rwanda.

208. The representative of Belgium stressed the close ties between his country and Rwanda, and commended the IPR's work on Rwanda. He emphasized the timeliness of the review, and said that it should be integrated into the updating of the Poverty Reduction Strategy Paper. Belgium and Rwanda were going to sign an updated version of their bilateral investment treaty the following day, and this could be a first step towards the implementation of the IPR's recommendations.

209. The representative of the United States welcomed the timeliness of the IPR and its contribution to improving Rwanda's investment climate. The United States, as a co-chair of the private sector cluster in Rwanda, observed that the Government had provided much more support for women than any other Government in Africa. While appreciating the initiative aimed at Rwanda's becoming a regional hub for investment, he added that it was important to tackle infrastructure and customs problems. USAID was assisting Rwanda in improving the coffee sector.

210. A representative from the private sector commended the transparency of the privatization process in Rwanda. The company that his company had bought had been performing poorly at the time of its purchase. His company had managed to replace 40 per cent of the labour force with better trained people without government interference. The Government was realistic in valuing assets for privatization and had a real sense of urgency in completing deals, which was a plus for investors. However, challenges remained with regard to the legal framework, and he stressed that the Government should not fall into the trap of complacency after the progress made in recent years.

211. A representative from the private sector noted that Rwanda had good security and an efficient investment promotion agency, RIEPA. However, he recommended that the one-stop shop be further strengthened, and that customs procedures be made less burdensome and, if possible, faster. Since Rwanda had an energy deficit, he proposed that efforts to improve energy infrastructure should focus on smaller-scale methane projects.

212. A representative from the private sector highlighted some initial difficulties that his company had encountered in a privatization deal, pertaining to compliance with the terms of the initial agreement. However, the problem could be resolved amicably, and his company was satisfied with its investment. Problems relating to corruption had not been encountered. Lastly, Rwanda should pay particular attention to aftercare services for its existing foreign investors, who could be the country's best advocates and promoters abroad.

213. Government representatives commended the steady progress made by Rwanda in diversifying the economy and in privatization. They encouraged the Government to continue to step up its efforts in order to achieve the objectives of Vision 2020. The representative of the Dominican Republic stressed the relevance of IPRs, not only for LDCs, but also for small, vulnerable countries such as his own and others in the Caribbean. He called upon the donor community to provide assistance with IPRs to low- to middle-income countries.

214. The representatives of Benin, Zambia and Burkina Faso said it was important that the UNCTAD secretariat continue to provide its support through the IPRs and follow up implementation of the recommendations. The representative of China noted Rwanda's rapid progress in economic and social development, and said that the PRSP had achieved positive results. He commended the Government's efforts and announced that since January 2005 China had reduced tariffs on 187 products to zero.

215. The Chairperson noted that good governance by the Rwandan Government had contributed to the country's progress in economic and social development. The challenge was

to sustain reforms and efforts to attract increased FDI. The IPR findings and recommendations would be helpful in that respect.

## Chapter XI

### CLOSING STATEMENT

216. The **Secretary-General of UNCTAD** said that, at its previous regular session, the Board had requested him to hold consultations with member States on financing the participation of experts from developing countries and countries with economies in transition in UNCTAD expert meetings and to report back. He had discussed the issue with a number of Group B countries and with members of the Group of 77 and China, and he had sent out three reminders in the course of the year. He expressed his sincere appreciation to China, India and Italy, each of which had pledged \$30,000. He was still awaiting responses from other member States.

**Annex**

**ATTENDANCE<sup>2</sup>**

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

Afghanistan	Guatemala
Albania	Guinea
Algeria	Haiti
Angola	Honduras
Argentina	Hungary
Australia	India
Austria	Indonesia
Azerbaijan	Iran (Islamic Republic of)
Bahrain	Iraq
Bangladesh	Ireland
Barbados	Israel
Belarus	Italy
Belgium	Jamaica
Benin	Japan
Botswana	Jordan
Brazil	Kenya
Bulgaria	Kuwait
Cameroon	Lesotho
Canada	Libyan Arab Jamahiriya
Chad	Lithuania
Chile	Luxembourg
China	Madagascar
Colombia	Malaysia
Côte d'Ivoire	Mali
Croatia	Mauritania
Cuba	Mauritius
Czech Republic	Mexico
Democratic Republic of the Congo	Moldova
Djibouti	Morocco
Dominican Republic	Mozambique
Ecuador	Myanmar
Egypt	Nepal
El Salvador	Nicaragua
Estonia	Netherlands
Ethiopia	Nigeria
Finland	Norway
France	Oman
Gabon	Pakistan
Georgia	Paraguay
Germany	Peru
Greece	Philippines

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<sup>2</sup> For the list of participants, see TD/B/53/INF.1.



Poland	Switzerland
Portugal	Syrian Arab Republic
Republic of Korea	Thailand
Romania	Trinidad and Tobago
Russian Federation	Tunisia
Saudi Arabia	Turkey
Senegal	Uganda
Serbia	Ukraine
Seychelles	United Kingdom of Great Britain and Northern Ireland
Singapore	United Republic of Tanzania
Slovakia	United States of America
Slovenia	Uruguay
South Africa	Venezuela (Bolivarian Republic of)
Spain	Viet Nam
Sudan	Yemen
Sri Lanka	Zambia
Sweden	Zimbabwe

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

Cambodia	Timor-Leste
Holy See	Tonga
Rwanda	Vanuatu

3. The following observer attended the session:

Palestine

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

African, Caribbean and Pacific Group of States  
 African Union  
 Afro Asian Rural Development Organization  
 Agency for International Trade Information and Cooperation  
 Common Fund For Commodities  
 European Commission  
 European Free Trade Association  
 International Jute Study Group  
 League of Arab States  
 Organisation internationale de la francophonie  
 South Centre

5. The following United Nations organizations was represented at the session:

Economic and Social Commission for Asia and the Pacific  
 Economic Commission for Africa  
 Economic Commission for Europe  
 International Trade Centre

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

Food and Agriculture Organization of the United Nations  
International Monetary Fund  
United Nations Development Programme  
United Nations Environment Programme  
United Nations Industrial Development Organization  
World Intellectual Property Organization  
World Trade Organization

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

*General Category*

Ocaproce International  
Third World Network

8. The following invited organizations were represented at the session:

African Women's Economic Policy Network (AWEPON)  
Coligação Para Justiça Económica /Economic Justice Coalition (CJE)  
Institute of Economic Affairs (IEA)  
International Federation of University Women  
Kiej De Los Bosques  
Montenegrin Union of Employers/Unija Poslodavaca Crne Gore (MUE/UPCG)  
Office Africain pour le Développement et la Coopération (OFADEC)  
Rural Reconstruction Nepal (RRN)  
Uganda Consumers' Protection Association (UCPA)  
Village Suisse Ong (VSONG)  
Žene Ženama

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