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**REPORT OF THE PREPARATORY COMMITTEE FOR UNCTAD XI ON ITS FIRST
SESSION**

Held at the Palais des Nations, Geneva,
from 15 to 16 October 2003

INTRODUCTION

1. At its fiftieth session, the Trade and Development Board established an open-ended Preparatory Committee for UNCTAD XI under the chairmanship of the President of the Board.
2. The first session of the Preparatory Committee took place on 15–16 October 2003 at the Palais des Nations, Geneva, under the chairmanship of Mr. Sha Zukang (China).

PREPARATIONS FOR UNCTAD XI

3. The Preparatory Committee had before it the following documentation:

“Preparations for UNCTAD XI: Submission by the Secretary-General of UNCTAD”
(TD(XI)/PC/1).
4. The **Secretary-General of UNCTAD** said that UNCTAD XI would be taking place within two broad frameworks – on the one hand the fundamental mandate of UNCTAD and on the other its contribution to the implementation of the outcomes of the recent major UN conferences and the Doha Work Programme. The deliberations should contribute to identifying problem areas faced by developing countries, national and international responses, and specific contributions from UNCTAD. The overall theme of UNCTAD XI was timely. The weak spot of the international approach to trade matters so far had been the inadequate attention given to the supply side response. At the root of the reluctance of many developing countries to engage in trade negotiations was the realization that they were not competitive, with many of them dependent in their exports on just a few commodities. Enhancing coherence would suggest that supply side constraints should be addressed in tandem with trade negotiations.
5. Multilateral trade negotiations should have potential gains for all, with developing countries participating proactively. The technical approach adopted by UNCTAD in recent years was aimed at identifying successful experiences, areas where developing countries could reap gains, ways in which they could promote those gains globally as importers and exporters, and major problems faced. In that connection, additional research was needed on the treatment of culture as an active element of economic life, the transmission of trade gains to poverty reduction, and improving gender outcomes. UNCTAD, as a knowledge-based institution, would continue to focus on capacity development in developing countries in order to help them better formulate their own strategies for negotiations. All would benefit if UNCTAD could make progress in demonstrating that developing countries had much to gain from global processes and in showing how developing countries could face globalization, with its opportunities and increased competition. UNCTAD XI would provide an opportunity for different stakeholders to decide on the additional research, theoretical work and practical ideas or outcomes to be carried out by UNCTAD or other relevant international organizations with a view to helping developing countries participate better in the dynamic sectors of growth and tap export opportunities.
6. The representative of **Thailand**, speaking on behalf of the **Group of 77 and China**, said that UNCTAD remained the principal organ of the General Assembly dealing with trade, investment and development issues, and UNCTAD XI would be another important milestone. With regard to the submission by the Secretary-General of UNCTAD, the Group wanted to see obstacles, constraints and problems more clearly detailed and highlighted. Only with a clearer picture of problems facing developing countries in part A could the outline of the policy response in part B and the actions

recommended in part C under each subtheme be geared towards the needs and concerns of developing countries. A "São Paulo Consensus" should reflect ambition and vision, yet also strive for tangible, action-oriented and implementable goals. Measures should aim to promote trade and investment and transfer of technology, enhance technical assistance and capacity building, provide debt relief, and address the inherent limitations of developing countries. The outcome should also include developmental objectives and benchmarks for success and reinforce development solidarity. "Coherence" should include not only assisting developing countries to participate in global processes, but also seeing how global processes could better integrate the development dimension. The imbalances of the marketplace deserved attention, since artificially low commodity prices and trade-distorting subsidies could limit the developing countries' capacity to develop. As a tangible outcome, a software-based "e-development" model could be developed, featuring a collection of useful development experiences that policy makers and analysts could utilize. The Bangkok Plan of Action, which would continue to serve as the framework for UNCTAD activities, could be built on.

7. In the context of a renewed sense of urgency to accomplish the Millennium Development Goals and realize the conclusion of a Development Round, ways to assist developing countries should be examined. The follow-up and implementation of major decisions related to development as enunciated at the Millennium Summit, the Third LDC Conference in Brussels, the Monterey Conference on Financing for Development, the Johannesburg Summit on Sustainable Development and the Plan of Action of UNCTAD X would be crucial. The central issue was how to translate those outcomes into beneficial and concrete actions, pursuing new ideas that would revitalize UNCTAD and create a multilateral trading system in which no country was marginalized.

8. The representative of **Zimbabwe**, speaking on behalf of the **African Group**, said that UNCTAD XI should fully address all the challenges faced by African countries in their efforts towards economic development. African countries were continuously marginalized from world trade and the global economy, and there was a need for comprehensive and coherent international policies that would systematically address debt, trade, including market access, finance and development. Such an approach would require mutually reinforcing policy measures in each area. UNCTAD XI should give full support to NEPAD.

9. Sections B and C of part two of the submission by the Secretary-General of UNCTAD could serve as a basis for negotiations in the preparatory process for the Conference. The Bangkok Plan of Action should continue to serve as the framework defining the broad contours of UNCTAD's work in future, and emphasis should be given to the implementation of decisions adopted by all the recent major international conferences.

10. The representative of **Oman**, speaking on behalf of the **Asian Group and China**, said that the non-consensual outcome at the Cancun WTO Ministerial Conference could be seen as an opportunity for UNCTAD to play a catalytic role in reviving multilateral trade negotiations with a view to seeking implementation of the Doha Development Agenda. UNCTAD could play a unique role in providing for reflection and debate on contentious issues in the true spirit of multilateralism without the inhibitions associated with negotiating mandates. This process should help ensure that the development round would produce outcomes reflecting the views of developing countries, that developed countries would not seek reciprocity from developing countries, and that discussions would be broad-based, democratic and transparent.

11. The preparatory process for UNCTAD XI should contribute to consensus building, restoration of confidence in the multilateral trading system, and renewed empowerment of multilateralism. The

outcome of UNCTAD XI should be action-oriented, facilitate the integration of developing countries into the multilateral trading system, and give UNCTAD a role in analysing the implications of the recent global development conferences and helping developing countries to clarify their development goals. Concerning the subthemes for UNCTAD XI, greater emphasis should be placed on the centrality of the human being, the transfer of know-how to developing countries and human resource development, issues of accession to WTO, and close collaboration among international organizations. Practical and effective solutions should be identified for the important challenges facing developing countries in a context of globalization and trade liberalization. In that connection, account must be taken of the impact of international policies adopted in the wake of globalization on the developing economies, particularly LDCs.

12. The representative of **Barbados**, speaking on behalf of the **Latin American and Caribbean Group**, highlighted the continuing relevance of the Bangkok Plan of Action, as well as the importance of the decisions of other major UN Conferences. The Latin American and Caribbean Group would participate actively and constructively to ensure that the final outcome of the Conference was acceptable to all in terms of both form and content.

13. The representative of **Benin**, speaking on behalf of the **least developed countries**, said that the pre-Conference text of the Secretary-General of UNCTAD provided a basis for negotiation. UNCTAD XI should produce concrete solutions for the multiple problems facing LDCs and many developing countries across the world. The aim should be to elaborate a final coherent document that synthesized all the outcomes and recommendations of the recent major global Conferences of the United Nations and other international organizations, as well as the Programme of Action for the LDCs for the decade 2001-2010. He called upon member States, especially the development partners of LDCs, and other stakeholders not only to identify concrete actions to be undertaken in crucial areas, but also to implement agreed decisions fully and effectively. LDCs' specific circumstances should be taken into consideration both during the preparatory process and at the Conference itself.

14. The representative of **Bangladesh** emphasized the constraints imposed on developing countries, in particular LDCs, by insufficient policy coordination among multilateral institutions, and stressed the importance of enhancing coherence between national development strategies and international processes and negotiations through UNCTAD XI. The Conference should identify actions to remedy the developmental impacts of monetary, fiscal and trade policies of developed countries, examine the consistency of policy prescriptions of different international institutions, and consider the role of "open nationalism" in the development of developing countries. Developing countries' increased reliance on private capital for development financing, resulting in part from the decline in ODA, could result in significant policy constraints; developing countries had experienced difficulty in attracting beneficial FDI. Furthermore, the lack of effective international arrangements for orderly debt relief, as well as unregulated financial market liberalization, continued to affect the sustainability of development financing and the macroeconomic stability of developing countries. In this context, UNCTAD XI should identify remedial actions in respect of policy issues related to ODA, private foreign capital, FDI (e.g. scheme for strengthening North-South and/or South-South cooperation), debt relief and the international financial architecture. With regard to trade, meaningful market access for developing countries for both goods and services, including through movement of natural persons, was essential. UNCTAD XI could contribute to making the multilateral trading system responsive to the needs of developing countries, and it should give adequate attention to the special challenges faced by LDCs. It should also review the status of decisions taken by major international conferences so as to ensure their effective and timely implementation.

15. The representative of **Japan** said that UNCTAD was a key organization in the UN system in dealing with trade and development issues in an integrated manner. However, it would be unrealistic to expect UNCTAD to address every aspect of trade and development. It should instead take full advantage of its own comparative advantages and focus on its main areas of expertise. All four subthemes for the Conference were important, but special attention should be given to the second and third. On subtheme two, improving supply-side capacity was one of the major issues that the international community must tackle, and on subtheme three, the considerable expertise accumulated by UNCTAD in the areas of research and technical cooperation should be applied to assist developing countries in deriving gains from the multilateral rule-based trading system. The Secretary-General's submission provided a valuable background to the discussion, especially section C of each chapter. Finally, Japan expected the outcome of the Conference to be focused and concise, possibly in the form of a declaration.

16. The representative of **Nepal** said that UNCTAD XI would provide an important opportunity to take a long-term and comprehensive view of trade, development and interrelated issues. All relevant global issues should be taken up within the framework of the principal theme of the Conference. Efforts to build capacity and enhance competitiveness should be further consolidated, with the partnership of the international community. Development financing in general, including ODA and FDI, needed to be discussed in detail. There should be a focused debate on issues of concern to LDCs, particularly the need for special treatment by the international community and concrete programmes to help them achieve the Millennium Development Goals. In the discussions on coherence, due emphasis should be placed on the interdependence between developing and developed countries, the interrelationship between trade and development, and global partnership for sustainable and equitable development.

17. The representative of the **Islamic Republic of Iran** commended the Secretary-General's submission, in particular its focus on the human aspects of development and the importance of human dignity and spiritual development; these points should be further developed in the final text. The primary requirement for gains from trade for developing countries was integration into the multilateral trading system. However, a large number of developing countries were still not WTO members, and there was therefore a need for an independent paragraph on accession under subtheme 3. The document's suggestions regarding partnerships for development fell short of expectations due to an excessive focus on NGOs. There was a need to analyse equitably the vital links between international organizations, civil society and government in the context of fuller participation by both developed and developing countries at both bilateral and multilateral levels.

18. The representative of **China** said that UNCTAD XI provided an excellent opportunity to restore confidence in the international economic system and build international consensus on policy approaches to development, in particular in the context of the setback at the Cancun WTO Ministerial Conference and the severe economic difficulties faced by developing countries. The globalization process posed daunting challenges for developing countries in building productive and supply capacities and enhancing their international competitiveness. UNCTAD could play an important role in helping developing countries to overcome such challenges. The increased differences among developing countries in terms of social, economic and developmental conditions had rendered the "one-size-fits-all" approach to development irrelevant. UNCTAD should contribute to shaping an international policy environment conducive to poverty reduction and the human development objectives of developing countries. The overall theme and the four subthemes of UNCTAD XI effectively addressed major challenges facing developing countries, while setting out the principal goals that UNCTAD should pursue in the years to come.

19. The representative of **Switzerland** stressed that UNCTAD XI would be held at a crucial moment as regards both the macroeconomic situation and the future multilateral trade negotiations. UNCTAD was therefore expected to make its contribution as an organization devoted to tackling the multifaceted issues of trade and development. In this regard, it should be able to contribute to the international economic debate by focusing on the so-called Singapore issues, where it had a strong comparative advantage. In particular, it had a crucial role to play in the implementation of competitiveness policies and strategies. It should also help strengthen trust among member States in order to improve the basis for multilateral negotiations. The Plan of Action agreed to in Bangkok should remain the major guideline for the future of the organization, but further prioritization of UNCTAD's activities was needed. Finally, UNCTAD's intergovernmental decision-making process had to be discussed further, and more attention should be given to interactive debate, which provided a useful framework for substantive discussion.

20. The representative of **Italy**, speaking on behalf of the **European Union, the acceding countries (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia) and the associated countries (Bulgaria, Romania and Turkey)**, stressed that coherence should be at the heart of the debate and conclusions of UNCTAD XI. The Conference would offer a timely opportunity to build consensus on clear guidelines on how the organization should orient its activities and where the emphasis should be. In that connection, UNCTAD should focus its attention on areas where it could offer value added, knowledge and expertise, and its role should be more action-oriented in areas where it already had expertise, i.e. capacity building to assist developing countries to integrate into the global economy, including action to support the development of productive capacity; preparation for and implementation of multilateral negotiations in the field of trade; and support for cooperation among developing countries, including trade and regional cooperation. UNCTAD had a major role to play in policy analysis and in assisting developing countries in earning gains from the multilateral trading system. Concerning the secretariat's text, some issues, which were considered of the utmost importance (e.g. supply-side constraints), were dealt with extensively. However, some other issues that should be regarded as important (such as good governance and the rule of law) were hardly considered at all. UNCTAD XI should be a stepping stone to linking analytical work to more concrete work applicable to the needs of developing countries.

21. The representative of the **United States of America** said that UNCTAD X had been a success, resulting in the adoption of the well defined Bangkok Plan of Action, and had been the first of a series of positive international conferences at Doha, Monterrey, Brussels and Johannesburg. The Bangkok Plan of Action should continue to constitute the guidepost in the discussion on trade, development and other issues so as to ensure that UNCTAD XI be as successful as UNCTAD X. He expressed his country's interest in the discussion of coherence between national development efforts and the international economic environment, as well as UNCTAD's role therein, and he welcomed the suggestion to explore national and sectoral success stories in order to draw lessons. However, it would be unreasonable to expect UNCTAD to address all aspects of trade, aid, investment and development. Duplication with the work of other international institutions should be avoided and the international division of labour respected. UNCTAD should focus its work on areas where it had expertise. The progress made in streamlining and internal reform was commendable, and UNCTAD XI might be used to further the process.

22. The representative of **Bulgaria**, speaking on behalf of **Group D**, said that the text prepared by the secretariat represented a realistic framework for the preparations for UNCTAD XI. UNCTAD's future role could be expected to remain unchanged, i.e. serving as a forum for policy discussion and

consensus building on trade and trade-related issues through its intergovernmental machinery. UNCTAD should continue to enhance coherence between national development strategies and regional and global economic processes and to ensure that development gains were a primary goal of international trade negotiation. It should continue to build on its mandate as set out in the Bangkok plan of Action, the relevant provisions of the UN Millennium Declaration, and the outcomes of major intergovernmental processes and relevant General Assembly resolutions. UNCTAD XI would represent an important milestone in the process of enhancing the ability of the organization to fulfill its major goals.

23. The representative of **India** commended the quality of UNCTAD's work, including in the areas of analysis of debt crisis and commodity issues. The purpose of UNCTAD's work on trade and development was not to duplicate the work of others, but to examine their relationship in an objective and integrated manner from the perspective of development, with a view to facilitating and strengthening ongoing processes and negotiations in other fora. UNCTAD XI should be built upon the success of UNCTAD X, but should take duly into account international policy developments since then, in particular the post-Cancun WTO Doha Work Programme, so as to increase the contribution of UNCTAD to that process with enhanced involvement of development partners. UNCTAD had expertise in a variety of areas, and bearing in mind the outcome of the Cancun WTO Ministerial Conference, it must be asked whether it was appropriate to include issues in the work programme of other international institutions which were not directly related to trade but in which UNCTAD had established strong expertise, including investment and competition law and policy. As regards the concept of good governance, while it was central to development, the concept transcended all international organizations. Its inclusion in UNCTAD's work might act as a stumbling block to its work as an international economic organization, and UNCTAD's focus should continue to be on strengthening the link between trade and development.

24. The representative of **Cuba** said that, at a time of economic stagnation and increasing differences among rich and poor countries, UNCTAD had a fundamental role to play in analysing trade and development issues. It was essential that tariff and non-tariff barriers on the main products of interest to developing countries, particularly commodities, be eliminated. There should also be substantial reductions in internal support measures for agricultural products in developed countries. Mechanisms for technical and human capacity building in developing countries should be developed. Special and differential treatment measures were very important, while new measures should be developed to help individual countries to promote exports and production for internal consumption. Partnerships for development should be analysed taking into account the specificities of each situation, without using a unique set of guidelines. The private sector should not participate on the same basis as member countries, as the organization must preserve its intergovernmental character. UNCTAD's work did not duplicate that of other organizations, because it approached issues from a development perspective.

25. The representative of **Brazil** observed that, in the current post-Cancun phase, all member States were faced with the common problem of how to energize the multilateral trading system. Regional and bilateral initiatives were worth pursuing for the purposes of trade and development, but they must be implemented within the context of clear and enforceable multilateral rules; there was no substitute for the multilateral trading system. UNCTAD must ensure development gains and partnerships for development. As the host country for UNCTAD XI, Brazil extended a warm invitation to all member States and non-governmental organizations to participate in the intergovernmental dialogue and a variety of side events at São Paulo in June 2004.

Action by the Preparatory Committee

26. The Preparatory Committee decided that it would itself take up all four subthemes of the Conference as a committee of the whole under the chairmanship of the President of the Board. To assist him in his task, the Chairman would turn to friends of the Chairman, to be selected from among the Board bureau members or other representatives of member States. The Chairman's friends would act as coordinators or facilitators.

27. It further decided that 22 and 24 October would be reserved for group meetings, and it would have a brainstorming session on 7 November. Its discussions on the subthemes could proceed on 17–21 November and 4–5 December.

28. With regard to civil society, the Preparatory Committee decided that representatives of civil society, who were meeting in parallel with the Board, would be invited to report the outcome of their discussions on UNCTAD XI to the Preparatory Committee in November.

29. The Preparatory Committee's attention was drawn to the fact that the Secretary-General's submission to the Conference envisaged a series of hearings with civil society and the business community. These hearings would be along the lines of those held in connection with the Monterrey Financing for Development Conference, and could be chaired by the friends of the Chairman. The Preparatory Committee agreed to take its decision on the matter, including the question of the duration of the hearings, at its next meeting.

30. With regard to civil society participation in the Conference itself, the Preparatory Committee agreed that NGOs not having observer status with UNCTAD should be able to request temporary accreditation to enable them to attend the public events and meetings of the Conference. They would be subject to a rigorous and thorough accreditation process to ensure their validity. Requests for accreditation would be submitted to the Preparatory Committee for the consideration of member States once the requesting NGO had provided the completed questionnaire and the required supporting material.

Presentation by the host country for UNCTAD XI

31. The host country for the eleventh session of the Conference (Brazil) made a presentation. Statements were made by H.E. Ambassador Luiz Felipe de Seixas Corrêa, Permanent Representative of Brazil to the United Nations Office at Geneva; Mr. Kjeld Jacobsen, Secretary for International Relations, São Paulo City Hall; and Minister Leonilda Alves Correa, National Coordinator of the Working Group for UNCTAD XI, Ministry of External Relations of Brazil.
