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## Sixtieth session

### **Report of the Trade and Development Board on its fifty-second session\***

**Geneva, 3-14 October 2005**

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\* The present document is an advance version of the report of the Trade and Development Board on its fifty-second session, held at the United Nations Office at Geneva from 3 to 14 October 2005. It will appear in final form, together with the reports on the thirty-sixth and thirty-seventh executive sessions and the twenty-second special session of the Board, as *Official Records of the General Assembly, Sixtieth Session, Supplement No. 15 (A/60/15)*.

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## INTRODUCTION

- (i) The fifty-second session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 3 to 14 October 2005. In the course of the session, the Board held 10 plenary meetings – the 968th to 977th meetings.
- (ii) This report to the United Nations General Assembly has been prepared in accordance with the guidelines adopted by the Board in the annex to its decision 302 (XXIX) of 21 September 1984. The report records, as appropriate, the action by the Board on the substantive items of its agenda (section I), summaries of discussions under certain items (section II), and procedural, institutional, organizational and administrative matters (section III).
- (iii) Volume II of the report of the Board on its fifty-second session – to be issued subsequently in TD/B/52/10 (Vol. II) – will reflect the statements made in the course of the session on the various items of the agenda.

## I. ACTION BY THE TRADE AND DEVELOPMENT BOARD ON SUBSTANTIVE ITEMS ON ITS AGENDA

### A. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001–2010

#### Agreed conclusions 482 (LII)

*The Trade and Development Board*, as part of its annual review of progress in implementation of the Programme of Action for the Least Developed Countries (LDCs) for the Decade 2001–2010,

1. *Notes* the background reports submitted by the UNCTAD secretariat as contained in documents TD/B/52/3 and TD/B/52/4 as well as the 2005 progress report on implementation of the Integrated Framework for Trade-Related Technical Assistance for LDCs (IF); and *recalls* that it has invited the secretariat to provide the member States with more quantifiable and objective-oriented information on the specific projects;
2. *Notes with satisfaction* UNCTAD's extensive contribution to the implementation of the Programme of Action for the LDCs in areas within its mandates and competence, and *encourages* it to make further efforts, in collaboration with beneficiary countries and their development partners, to enhance the delivery and effectiveness of its technical cooperation and capacity-building activities so as to improve their development impact on the economies of LDCs in general and on their national institutions in particular;
3. *Encourages* the UNCTAD secretariat to implement fully the relevant decisions of the São Paulo Consensus, including the annualization of the *Least Developed Countries Report*, and to further enhance efforts in favour of the LDCs, LLDCs and SIDS, and *calls on* the secretariat to make available adequate resources for this purpose, from within existing resources, and to seek, as appropriate, voluntary contributions. Members not currently providing voluntary contributions, and who are in a position to do so, are invited to support this effort;
4. *Encourages* the UNCTAD secretariat, within its mandate, and in collaboration with the Office of the High Representative for LDCs, LLDCs and SIDS, to actively contribute to the comprehensive mid-term review of progress in the implementation of the Programme of Action for the LDCs by the United Nations General Assembly in 2006 and its preparatory processes and to make substantive contributions to the successful outcome of the review;
5. *Expresses* deep appreciation for the decisions recently taken as regards the full cancellation of multilateral debt owed by eligible heavily indebted poor countries (HIPC) to the International Development Association (IDA), the African Development Fund (AfDF) and the International Monetary Fund, as well as the substantial increase in ODA, and *calls for* timely

implementation of these commitments with a view to assisting these countries to make progress towards achieving the Millennium Development Goals;

6. *Acknowledges* the contribution of preferential market access to the economic growth and development of LDCs and reiterates its appreciation to LDCs' trading partners who have granted or have taken initiatives toward granting duty- and quota-free market access to LDCs for all products of export interest to them, and *invites* other trading partners of LDCs who are in a position to do so to take similar measures;

7. *Recognizes* that multilateral trade liberalization has great potential to benefit LDCs by opening up new trading opportunities; *acknowledges* that some of these countries could be affected by the erosion of market access preferences involving certain products of export interest to them; and *calls for* intensified international support measures to enable LDCs to enhance their productive capacities, diversify their economies into non-preference-dependent activities, and improve their utilization of the market access preferences made available to them. Such international support measures could also aim at addressing any adverse effects of further multilateral trade liberalization on LDCs;

8. *Notes with appreciation* UNCTAD's contribution to the implementation of the IF, *inter alia*, through the preparation of an *IF Manual*, organization of pre-Diagnostic Trade Integration Study (DTIS) activities, and follow-up to the DTIS Action Matrices, and *invites* bilateral and multilateral donors in a position to do so to increase their support and voluntary financial contributions to the IF;

9. *Recognizes* the contribution of the UNCTAD LDC Trust Fund as a vehicle to finance technical cooperation and capacity-building activities in LDCs; *expresses appreciation* to bilateral donors for their continued support and financial contributions to the Trust Fund; and *emphasizes* the need for continued contributions and broader donor participation, preferably through un-earmarked contributions, to ensure effective and efficient delivery and implementation of existing and new technical assistance programmes and projects in these countries.

977<sup>th</sup> plenary meeting  
14 October 2005

## **B. Review of technical cooperation activities of UNCTAD and their financing**

### **Decision 483 (LII)**

*The Trade and Development Board,*

1. *Takes note* with appreciation of the improvements in the presentation of the report on the "Review of technical cooperation activities of UNCTAD", and *requests* the secretariat to

introduce further improvements to the information contained in annex I to the report and in particular to include assessments on the progress made in reaching objectives;

2. *Underscores* the importance of more effective and sustained capacity building activities, in this regard *expresses* its appreciation to bilateral and multilateral donors for their continued support and contributions to UNCTAD trust funds, and *invites* donors, and potential donors in a position to do so, to support UNCTAD's efforts in the provision of an effective technical cooperation programme;

3. *Urges* the secretariat to undertake systematic coordination between the operational activities of UNCTAD, the secretariat's research and multifaceted analytical work, and intergovernmental deliberations, to ensure a coherent and effective impact of UNCTAD technical cooperation in the interrelated areas of trade, investment, technology and sustainable development and its integrated and multidisciplinary vision of trade and development issues;

4. *Requests* the secretariat to intensify consultations with potential beneficiaries of UNCTAD's assistance, at the time of the formulation of project documents, with a view to ensuring that proposed activities are demand-driven and meet the beneficiaries' development goals and objectives;

5. *Welcomes* the fact that a major part of UNCTAD technical assistance is provided through interregional activities, and *urges* donors to continue their support for these activities;

6. *Notes* that one third of total 2004 resources were used for assistance to the LDCs, as their special needs require particular attention, and looks forward to continuing enhanced efforts in this regard;

7. *Expresses* the need to ensure an equitable distribution of resources among the developing country regions in the overall delivery of technical cooperation;

8. *Requests* the secretariat to report to the next session of the Working Party on technical cooperation concerning UNCTAD's contribution to the implementation of the relevant UN General Assembly resolutions, including resolution 59/250 of 17 December 2004 on the development operations of the UN system, and in particular with reference to country-level technical assistance;

9. *Notes* with appreciation the efforts of UNCTAD at raising funds, and *observes* that UNCTAD's fund raising could be enhanced by taking steps to improve the current ad hoc approach to make it into a system that is more coherent, coordinated and cross-divisional;

10. *Requests* in this context the secretariat to provide further information on options for improving the system of funding technical assistance and making it more predictable, including further exploring options of moving to a thematic, multi-year and multi-donor system;

11. *Requests* the Secretary-General of UNCTAD to enhance the coherence and the interdivisional nature of programmes and activities in the area of technical cooperation, including streamlining projects with a view to enhancing the overall delivery of technical cooperation activities, and to report to the next session of the Working Party on technical cooperation on progress in this regard, and in particular *requests* details on all projects that have been closed or where no further action has been taken by UNCTAD during the last three years;
12. *Requests* the secretariat to report, to the next session of the Working Party dealing with technical cooperation, on progress made in operationalizing the São Paulo Consensus, including UNCTAD's contribution to other multilateral, regional and interregional processes, through UNCTAD technical assistance, and in that regard, identify potential operational priorities;
13. *Calls* for strengthened cooperation among different providers of trade-related technical assistance with a view to ensuring that enhanced services are offered to beneficiaries and to fully operationalizing existing institutional arrangements;
14. *Requests* the secretariat to ensure adequate follow up to the provisions of this decision, and report back by no later than the forty-seventh session of the Working Party.

972<sup>nd</sup> plenary meeting  
7 October 2005

### **C. Other action taken by the Board**

#### ***Economic development in Africa: The role of foreign direct investment in growth and development***

1. At its 977th plenary meeting, on 14 October 2005, the Board decided to hold a resumed session to finalize its agreed conclusions on agenda item 5, the indicative date for the session being 3 November 2005.

#### ***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***

2. At its 976th plenary meeting, on 14 October 2005, the Board took note of the report by the secretariat on this item (TD/B/52/6).

#### ***Report on UNCTAD's assistance to the Palestinian people***

3. At its 974th plenary meeting, on 11 October 2005, the Board took note of the report on UNCTAD's assistance to the Palestinian people (TD/B/52/2) and of the statements made by delegations. In accordance with General Assembly decision 47/445, it was decided that the report of the Board on its fifty-second session to the General Assembly would include an account of the deliberations under this item.



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

4. At its 975th plenary meeting, on 13 October 2005, the Board took note of the oral report by the secretariat on this item.

***Hearing with civil society, in accordance with paragraph 117 of the São Paulo Consensus***

5. At its 974th plenary meeting, on 11 October 2005, the Board took note of the report on the hearing (TD/B/52/9).

***Report of the Working Party on the Medium-term Plan and the Programme Budget on its forty-fifth session (12-16 September 2005)***

6. At its 976th meeting, on 14 October 2005, the Board took note of the report of the Working Party on its forty-fifth session (TD/B/WP/184), and endorsed the agreed conclusions of the Working Party on “Evaluation of technical cooperation activities: In-depth evaluation of the training courses on key issues on the international economic agenda”.

***Financing the participation of experts from developing countries and countries with economies in transition in UNCTAD expert meetings***

7. At its 977th plenary meeting, on 14 October 2005, the Board requested the Secretary-General of UNCTAD to use his good offices to conduct on an urgent basis further consultations with member States on the financing of experts and the modalities for selecting experts and to report back to the Board at an executive or special session.

***Progressive development of the law of international trade: thirty-eighth annual report of the United Nations Commission on International Trade Law***

8. At its 975th plenary meeting, on 13 October 2005, the Board took note of the report of UNCITRAL on its thirty-eighth session, held in Vienna from 4 to 15 July 2005 (A/60/17).

***Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its thirty-eighth session (Geneva, 18–22 April 2005)***

9. At its 975th plenary meeting, on 13 October 2005, the Board took note of the report of the Joint Advisory Group on its thirty-eighth session (ITC/AG(XXXVIII)/204).

***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 2004-2005 and their impact***

10. At its 977th plenary meeting, on 14 October 2005, the Board took note of the report on this item by the President of the Board at its fifty-first session.

## **II. PRESIDENT'S SUMMARIES OF THE BOARD'S DISCUSSION ON SUBSTANTIVE ITEMS ON ITS AGENDA**

### **A. High-level segment: Economic growth and poverty reduction in the 1990s – lessons from a decade of economic reform for development strategies and global partnerships in the new millennium**

#### **President's summary<sup>1</sup>**

11. Recent publications on development issues have shown that economic reform in the 1990s had very mixed results and in most developing countries did not lead to sustained growth at rates sufficient to reduce poverty significantly. Focusing particularly on country experiences in the reform process of the 1990s, the High-level Segment:

- (a) Reviewed the growth and poverty reduction record of the 1990s, including the development strategies of the most successful countries and the consequences of the key pillars of the economic reforms – macroeconomic stability, trade liberalization, financial liberalization, and privatization and deregulation;
- (b) Considered the latest thinking on development strategies for accelerated growth and poverty reduction, based on an assessment of experience;
- (c) Highlighted the implications for effective global partnerships in the areas of trade, finance, investment and technology.

12. The High-level Segment was addressed by H.E. Mr. Alan Kyerematen, Minister of Trade and Industry of Ghana, Mr. Leiv Lunde, Vice Minister for International Development of Norway, and Mr. Arturo O'Connell, member of the Board of the Central Bank of Argentina, who spoke in his personal capacity.

13. The Minister of Trade and Industry of Ghana described the economic reform and liberalization measures taken by his country. The process caused hardship, but it was possible to restore economic stability, external credibility and sustained growth. That experience points to the importance of mobilizing investment resources, promoting regional integration among developing countries, and enhancing South-South cooperation. The Vice Minister for International Development of Norway emphasized the importance not of short-lived development paradigms but of a common understanding of sustained growth. Different situations require different approaches. Developing countries should build an enabling environment in order to attract investment and enhance domestic resource mobilization. Mr. Arturo O'Connell, speaking in his personal capacity, emphasized that financial globalization is not necessarily beneficial to economic growth and can bring about crises and macro-economic instability. Both creditors and debtors should manage capital flows better, and international cooperation can help developing

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<sup>1</sup> Included in the Board's report to the General Assembly by decision of the Board at its closing (977<sup>th</sup>) plenary meeting.

countries identify the liberalization measures and development strategies best suited to their national circumstances.

14. The ensuing discussion was extremely rich and diverse, yet focused on key problems of development and lessons learned from past experiences. Its main elements are summarized below.

### **Development paradigms and experiences of the 1990s**

15. Many delegations highlighted the profound economic reform and liberalization measures undertaken by developing countries from the mid-1980s to the end of the 1990s. The reform process was often inspired by international financial institutions. However, in several developing countries, policy reforms were also launched as a result of commitments made in multilateral trade negotiations, as well as in response to both a deteriorating domestic economy and external shocks, or in reaction to a combination of these factors.

16. One delegation also stressed the importance of the transformation process in Central and Eastern Europe and the Commonwealth of Independent States (CIS) during the same period and the lessons that could be learnt from these experiences. Another country from the region in question pointed to its progress towards the achievement of the Millennium Development Goals due to gradual economic adjustment, which made it possible to systemically move forward on the way to building a socially oriented market economy.

17. In assessing the reform process and its results, light was shed on the social and economic hardship that the structural adjustment process caused among large parts of the populations in developing countries and transition economies. Several delegations emphasized that the expectations associated with the reform strategies of the 1990s have not been fully realized. Many developing countries continue to face severe obstacles to economic growth, which particularly affect smaller economies dependent on commodity exports, as is the case of many African countries. There are even country experiences where progress has been made in achieving economic growth and overall poverty reduction, but where income distribution has nonetheless worsened.

18. However, there have also been experiences of policy changes that helped reverse economic decline and restore macroeconomic stability, external credibility and sustained growth. The availability of investment resources at national and global levels was considered a critical prerequisite, without which the achievement of social objectives, including poverty reduction, and other development goals remains elusive. It was also stressed that better regional integration among developing countries and a better utilization of the tremendous growth opportunities of South-South cooperation could facilitate the economic reform process.

19. Both donor and beneficiary countries emphasized the importance of assistance from bilateral and multilateral donors for economic reforms. In this context, the positive aspects of various recent international development initiatives were highlighted.

20. The critical role of the state in economic reform and liberalization was also raised. One delegation emphasized that development policies should give priority to the basic needs of the society. The state should therefore be able to regulate markets, as well as technological and

financial competition, and create a domestic environment designed to enhance the competitiveness of local enterprises vis-à-vis transnational companies.

21. Regarding key development theories and paradigms in the 1990s, reference was made to the transient nature of development paradigms and the difficulties that can arise when these paradigms are applied as doctrines. There was general agreement on the need to get away from a 'one-size-fits-all approach' in policy making. Several delegations stressed that development policies should be more country-specific and more flexible. Instead of designing new general development policies and theories, it would be worthwhile to pay more attention to national specificities in the application of economic reform measures. Furthermore, the need for more policy coherence at the national and international levels, in particular during periods of economic crisis and instability, was emphasized.

22. However, one delegation also pointed out that economic evidence suggests that a number of common key factors are needed in promoting economic growth and development, such as an enabling domestic environment, robust competition policies, and measures to promote enterprise development. Another delegation referred to the need to set up risk management systems, so as to prevent the spread of financial crisis and economic instability.

### **Policy space**

23. Delegations expressed diverse views on the issue of policy space. Several delegations recognized that developing countries have limited policy space in financial, monetary and trade issues and that they are still striving for meaningful participation in the decision-making and norm-setting processes of various international economic bodies and institutions. Many delegations called for developing countries to be granted adequate policy space and the flexibility to adapt policies to specific national circumstances. One delegation, referring to lessons learnt from successful countries, stressed that policy makers need both time and space to explore, experiment and learn. Another delegation pointed to experiences that have shown that countries using their policy space flexibly achieve more balanced and stable development. In addition, the discussion on policy space should not be understood as an attempt to get around commitments and obligations.

24. However, one delegation expressed doubt about the usefulness of the concept of policy space for analytical work at UNCTAD and for intergovernmental debate. Referring to the critique of economic policies promoted by international financial institutions in the 1990s, the delegation said that it is up to each Government to do a cost-benefit analysis before undertaking any international obligation, so as to determine whether the obligation is in the interest of the country. The idea that developing countries are struggling to retain economic sovereignty was therefore considered specious. It is not policy space that will contribute positively to development, but good economic policy, and it is good policy, not policy space, that should be the focus of UNCTAD's work.

### **International trade and the modernization of productive sectors**

25. Several delegations highlighted the increasing role of developing countries in the international trading system. Trade liberalization was considered a foundational requirement that will enable countries to exploit their comparative advantages, rather than restricting them to

sectors and industries in which they may not be competitive. However, several delegations also stressed that various trade barriers continue to prevent developing countries from moving away from commodity exports.

26. Delegations called for the speedy conclusion of ongoing multilateral processes and the consequent implementation of commitments made in this context. Unfair conditions for countries acceding to the WTO should be avoided.

27. Stressing the need to strengthen the capacities of developing countries to trade and to generate economic growth, one delegation called for more investment, particularly in priority areas such as transport and communications infrastructure, research and development, and human capital.

28. Delegations underlined the importance of building productive capacities that will allow developing countries to participate in international trade and achieve sustained economic growth. However, projects should respond to local situations and promote local entrepreneurial skills to make them work. Reference was also made to the need to modernize the agricultural sector in developing countries, particularly in Africa.

## **UNCTAD XII**

<sup>29</sup> Several delegations welcomed the decision by Ghana to host UNCTAD XII and expressed their hope that member States and the UNCTAD secretariat will all work together to ensure a successful Conference in 2008. Holding the Conference in Ghana was seen as an opportunity to discuss both the great challenges and the even greater potential of Africa. One delegation expressed the wish to have a simple and straightforward theme for the next Conference. It should also be pragmatic, positive and relevant to Africa.

### **B. Interdependence and global economic issues from a trade and development perspective: New features in global interdependence**

#### **President's summary<sup>2</sup>**

30. The Board welcomed the improved economic performance in a majority of developing countries and progress towards the Millennium Development Goals, which have taken place in an improved external economic environment. Rapid growth in China and India has spilled over to many other countries in Asia and other regions. It was recognized, however, that despite the growing importance of developing countries in international trade and finance, and the expansion of South-South trade, the global economic environment continues to be shaped by macroeconomic and trade policies in developed countries. Several delegations also drew attention to the fact that the pace of economic development has not been uniform worldwide, and that some countries are lagging behind in accomplishing their national development objectives and the MDGs.

<sup>2</sup> Included in the Board's report to the General Assembly by decision of the Board at its closing (977<sup>th</sup>) plenary meeting.

31. Asia was recognized as the most dynamic region in 2004/2005 and probably in the coming years, but Latin American economies recovered strongly in 2004 and prospects for 2005 point to a continuation of the recovery. The main reason for concern among delegations remains Africa's growth performance. Overall, that performance has significantly improved since 2003, but growth in sub-Saharan Africa is still too low to allow for a strong increase in per capita incomes and a significant reduction of poverty.

32. Delegations noted with concern that poverty remains a serious problem in many developing countries, especially in the least developed countries and countries in sub-Saharan Africa. Meeting the MDGs by 2015 will be particularly difficult for these countries. It was suggested that both externally imposed constraints as well as the application of inadequate models of development were the reason for this disappointing outcome, and these countries continue to depend on external assistance. In this context many delegations welcomed the recent progress with regard to international cooperation in favour of Africa, such as the agreement to double ODA flows, the commitment by a large number of OECD countries to raise their total ODA to at least 0.5 per cent of GDP by 2010, and the decisions to write off the remaining HIPC debt and to consider reducing the unsustainable debt of some equally poor non-HIPC countries. It was underlined, however, that for such debt relief to contribute to achieving the MDGs, it must not come at the expense of aid flows.

33. Several delegations expressed their satisfaction that, so far, the rise in international oil prices has not had a major negative influence on global growth prospects, mainly thanks to a shift towards less energy-intensive patterns of production in developed countries. However, some delegations expressed concern over the negative impact of higher oil prices on those developing countries that are not benefiting themselves from rising export earnings, such as those depending primarily on exports of agricultural raw materials.

34. There was widespread concern about the increasing global current-account imbalances and the consequences of their eventual correction for the global economy, particularly for the developing countries. It was generally recognized that a more balanced geographical pattern of demand growth would be helpful in correcting these imbalances. The necessary adjustments should be shared by the major surplus economies and the major deficit countries. But it was noted that a correction of the United States current-account deficit that relied exclusively on currency appreciation in some Asian surplus countries, or on a recession in the United States, would have severe deflationary effects on the entire world economy and could lead to a reversal of recent improvements in international commodity prices, with attendant consequences for many developing countries. Consequently, a correction of the imbalances requires broad-based multilateral policy coordination, as well as counterbalancing action in other major surplus economies.

35. It was observed that a number of developing countries, especially in East Asia and Latin America, have registered current-account surpluses, despite strong import growth. Combined with efforts to maintain a competitive exchange rate, this has led to considerable reserve accumulation, but also a concomitant capital outflow.

36. Many delegations drew attention to the continuing volatility of primary commodity prices and to the fact that in real terms commodity prices are still lower today than they were

some 20 years ago. They also noted that, due to the widespread foreign firm ownership in extractive industries, higher prices and exports from this sector have also been accompanied by a rise in profit remittances. Several participants suggested that commodity price instability is not in the interest of either producers or consumers and can lead to inefficiencies in factor allocation. A fresh look at the possible mechanisms to reduce price instability in a wide range of commodities so as to minimize its adverse impact on national income could help to strengthen a global partnership for development.

37. There was vigorous discussion on the issue of policy space. On the one hand, delegations from developing countries pointed to the creative, and often heterodox, policies that played a central role in accelerating structural change and capital formation in China and India, while other countries that adhered more to orthodox structural reforms have mostly shown disappointing performances. In their view, the fact that there are substantial differences between the policies in China and India and those of other successful developing countries shows the importance of adequate policy space to tailor development strategies to the specific needs and circumstances of each country. It was further suggested that adequate policy space is also required to enable beneficiary countries to maximize the impact of foreign aid by devising country-specific growth and development strategies.

38. On the other hand, delegations from major industrialized countries expressed reservations with regard to the concept of policy space as such. In the view of one delegation, increased participation of developing countries in the multilateral trade regime would enhance, rather than reduce, their policy space. Another delegation expressed the view that it was not the intention of the São Paulo Consensus to introduce policy space as a new area of work of UNCTAD. It is for each country to determine the balance between national policy space and international disciplines and commitments that it deems appropriate, and to decide in this context to what extent international obligations make it worth giving up national policy space.

39. In light of the present global imbalances, it was generally acknowledged that the future evolution of external conditions for development is uncertain. The volatility of commodity prices poses a serious risk for the sustainability of growth, and better international coordination is required to reduce the instability of commodity prices and exchange rates. It was also suggested that the international financial system needs to be reformed in order to ensure greater global financial stability.

40. There was broad agreement that the currently favourable external environment is a necessary but not sufficient condition for sustained growth and development; continued domestic efforts for capital formation and structural change are also needed. Higher commodity prices should not lead to complacency, and developing countries should continue to look to diversification as their best long-term strategy. Commodity exporters that have benefited from recent increases in prices and export volumes must maintain their efforts to diversify their commodity sector, as well as to generate higher value added in other sectors. It was also noted that many developing countries have adopted concerted policies for good governance, poverty reduction and open trade in response to Doha, but their efforts have not been matched by greater market access. Indeed, developed countries could help developing countries by granting better

market access, and also by facilitating the transfer of technology and increasing financial assistance and debt relief.

41. Some delegations stressed that South-South cooperation, as agreed upon in the New Asian-African Strategic Partnership Declaration, can play an important role in boosting trade and economic relations among developing countries, which should steadily open up their markets for each other's products. Another delegation considered that protectionism is also a problem among developing countries. It was suggested that multilateral efforts under the Doha Agenda might offer better guarantees for South-South trade liberalization than regional trade agreements among developing countries.

42. Many delegations expressed their satisfaction with the balanced and useful analysis provided by the *Trade and Development Report 2005*. The new features of global interdependence analysed in the *Report* may require adjustments of national development strategies and policies at the international level. The *TDR 2005* was considered helpful for understanding the recent trends in the global economy, especially the interplay between the imbalances in the global economy on the one hand and the implications for developing countries of the emergence of East and South Asia as a new growth pole on the other.

43. One delegation observed that the *Trade and Development Report's* assessment of the economic situation in some developed countries may be too pessimistic, and that the characterization of the developed countries' trade policy as protectionist is exaggerated, while another would have preferred the *Report* to pay more attention to the economic experiences of transition economies.

44. Several delegations stressed the important role of UNCTAD in identifying the elements of a coherent global development strategy and providing alternative views on economic policies from a development perspective. It was also suggested that the analytical capacity of UNCTAD should be reinforced and that UNCTAD should further strengthen its cooperation with other international organizations, the private sector and NGOs.

45. Some of the issues addressed in the plenary were given further consideration in an informal session with a panel of experts. Here, it was argued that the global imbalances are largely a problem among developed countries, as the United States accounts for 70.1 per cent of global deficits and the main surplus economies are Japan (20 per cent) and Germany (11.9 per cent), while China accounts for only 7.9 per cent of the global surplus.

46. The panel of experts believed that the current situation is fragile and cannot be sustained over the long term. The external deficit of the United States is financed mainly by Central Banks that invest their foreign exchange reserves in dollar assets, for which euro-denominated assets represent a serious alternative. An adjustment is inevitable, but the way in which it will be brought about was considered to be of critical importance for the performance of the world economy. International burden sharing, involving fiscal consolidation in the United States, more rapid growth in the Euro area, and exchange rate appreciation and somewhat slower growth in China, was considered the least costly way. But even with a "soft landing", developing countries will be affected by a slowdown in economic activity in the United States and China.



47. With regard to the specific outlook for the Chinese economy, the panel argued that, while steep currency appreciation should be avoided, it is desirable for the world economy and China alike to achieve greater balance between domestic and external forces of growth. Fostering the services sector could help in both reducing the rate of household savings and providing for more balanced growth. Similarly, faster income growth in the rural areas would not only lead to a better geographical distribution of development but also help to raise domestic demand, which could compensate for slower export growth as a result of exchange rate appreciation or lower exports to the United States.

48. Panellists suggested that the current situation in the world economy is characterized by insufficient investment (rather than a “savings glut”), and the overabundance of international financial capital could easily lead to upward pressure on the exchange rates of emerging-market economies, thereby heightening the risk of financial crisis. At present, many developing countries are accumulating foreign exchange reserves in order to avoid such overvaluation and to enjoy “export-led” rather than “debt-led” growth. Reserve accumulation is also undertaken as insurance against speculative attacks and to avoid situations where resort has to be taken to highly conditional IMF lending.

49. With regard to commodity prices it was suggested that income, rather than price, fluctuations are the real problem. In order to stabilize earnings, one might consider making the IMF’s Compensatory Financing Facility more attractive for developing countries; market-based price risk management instruments are not a solution for most developing countries. One delegation suggested that Governments of oil and mineral-rich countries benefiting from windfall gains might consider the Norwegian example of establishing a national commodity fund and spending only a limited share of its proceeds. It was recognized that the pressing needs for investment and public spending in developing countries make it difficult to find political support for maintaining this course of action.

50. There was a widespread perception in the Plenary as well as in the discussion with panellists that, in the mutual interest of all, developed countries should strengthen their efforts for macroeconomic policy coordination to solve the global imbalances and that developing countries should continue their efforts for greater diversification and industrialization, as well as avoidance of higher indebtedness, keeping in mind that the present favourable conditions for many of them might be temporary.

### **C. Review of developments and issues in the post-Doha work programme of particular concern to developing countries**

#### **President's summary<sup>3</sup>**

51. The Board considered agenda item 6 in plenary sessions on 6-7 October 2005. It conducted an in-depth review of recent developments in the Doha round from the perspective of the concerns and interests of developing countries. The deliberations were rich and constructive, marked by 51 statements. The opening address by the Secretary-General of UNCTAD was delivered by the Director of the Division on International Trade in Goods and Services, and Commodities (DITC), who also introduced the secretariat's background note (TD/B/52/8). This was followed by an address by the Director-General of the World Trade Organization (WTO). Forty-nine statements were then delivered. The participation of many UNCTAD member States, including at the level of Ambassadors and Heads of Missions, was testimony to the interest in the Doha Work Programme (DWP) and the constructive engagement of all in consensus-building in UNCTAD.

52. Most participants expressed appreciation for the secretariat's background note as providing a comprehensive and balanced analysis of issues of concern to developing countries in the post-Doha trade negotiations since the July 2004 WTO Framework Decision (July Package). The note contains policy suggestions for policy makers and trade negotiators, especially in areas in which consensus is required to realize the development promise of Doha.

53. It was generally agreed that the post-Doha discussions were particularly important and opportune, given that negotiations are intensifying in preparation for the forthcoming Sixth WTO Ministerial Conference (MC6) in Hong Kong, China. They provided an opportunity to undertake a development audit of the Doha negotiations. Through frank exchanges of views and ideas in a non-negotiating context, the Board helps create understanding and goodwill among countries and contributes to building confidence and consensus on key issues of interest to developing countries and on the development dimension. This is consistent with the unique role of UNCTAD as the focal point in the UN system for the integrated treatment of trade and development.

54. There was universal reiteration of the commitment made in the Millennium Declaration to an open, rule-based, non-discriminatory, predictable and equitable multilateral trading system, supportive of economic growth, development and poverty alleviation. It was also noted that, as established in the São Paulo Consensus, international trade is not an end in itself, but a means to achieving economic development objectives, including poverty reduction. Thus, progress in the multilateral trading system should be inextricably linked to progress in the accomplishment of internationally agreed development goals, including the MDGs, as reiterated by the 2005 World Summit. In this regard, several countries emphasized that economic development requires flexibility in trade liberalization, institutional innovations, investment in human capital and development-oriented infrastructure, universal access to essential services, and supply-side

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<sup>3</sup> Included in the Board's report to the General Assembly by decision of the Board at its closing (977<sup>th</sup>) plenary meeting.

competitiveness so as to enable developing countries to achieve their development objectives at a pace consistent with their levels of development.

55. Reference was made to the World Summit, the Second South Summit, the Third African Union (AU) Conference of Ministers of Trade, the Fourth LDC Trade Ministers' Meeting and the Arab Ministerial Meeting, which set common platforms of their constituencies for MC6, as well as the G8 Summit. It was stressed that trade negotiations need to be placed in a broader context of a shared vision of development and MDG-based international trade policy focusing, *inter alia*, on halving poverty by 2015. The importance of positive engagement by all members in the multilateral trading system (MTS) was underscored. The responsibility of all to contribute to a successful and development-focused outcome of the Doha Work Programme (DWP) and a strengthening of the MTS was highlighted, as the multilateral route offers the best solution to the liberalization and promotion of trade.

56. Participants agreed that the development dimension is and must remain a crucial overarching theme of the whole Doha negotiation and a key component of each and every negotiating area, and all countries should work hard now to ensure a development-oriented outcome. Participants also attached great importance to dealing effectively with special and differential treatment (SDT) as a cross-cutting issue, as well as in specific areas of negotiations. Many countries highlighted the importance of technical assistance and capacity building to enable developing countries to participate effectively in the negotiations and take advantage of the successful outcome of the Doha round.

#### **Post-July Package negotiations and the road towards Hong Kong**

57. The DWP has entered a crucial phase. Many participants were convinced that it is possible to reach the necessary agreement to conclude the Doha agenda negotiations successfully before the end of 2006, although it was emphasized that this will require intensive work and significant progress in the forthcoming weeks. Some participants considered that progress is particularly lacking in respect of the offensive agenda of developing countries. The Sixth WTO Ministerial Conference in Hong Kong, China, from 13 to 18 December 2005 will therefore be not just another checkpoint in the negotiations but the best chance to move the Round to a successful conclusion by the end of 2006. The pivotal need to reach agreement on key substantive issues and details in Geneva prior to MC6 was stressed. Many underscored the need for leadership and commitment from major developed country partners to break the deadlock on key issues. Some cautioned against negative linkages between different negotiating issues and expressed the need for members to search for the middle ground and compromise solutions. The importance of an inclusive and transparent process of negotiations was emphasized. In this context, some participants expressed concern regarding the role of mini-ministerials and small group meetings in which most developing countries are not present.

58. *Development dimension:* It was considered that the key focus needs to be on maximizing the development value of every sector and of the Round as a whole. Many delegations underscored the importance of flexibilities for developing countries. It is important that negotiations reflect the concerns of developing countries adequately and deliver results with the greatest impact on elimination of poverty. Some participants called for a realizable development package, including: (a) improved market access for products or services of export interest to

them, in particular agricultural products, labour-intensive manufactures and Mode 4 supply of services; (b) immediate elimination of trade-distorting support for cotton producers in developed countries; (c) timely elimination of export subsidies by a credible end date; (d) increased attention to policy space for policies suited to specific trade and development needs of developing countries; (e) operationally effective SDT in all areas of negotiation; (f) provision of bound duty-free and quota-free market access for all exports of LDCs; and (g) removal of trade-distorting non-tariff barriers (NTBs) and market entry barriers. The view was expressed that the Round's greatest potential development benefits will come through achieving new market access in both developed and developing country markets for products and services of export interest to developing countries. Yet another view was that getting the balance right between benefits and flexibilities is essential to achieving the development potential of the round.

59. A large number of participants expressed the view that the mandated work on the review of SDT provisions needs to be advanced with a view to strengthening these provisions and making them more precise, effective and operational. There is need to deliver on those SDT proposals of substantive value, particularly on the five proposals relating to LDCs, by demonstrating political will. There is also need to re-energize the negotiations on implementation issues. On the issue of differentiation, some participants considered that differentiation among developing countries should not be pursued. Others expressed the view that members need to face up to the economic reality that developing countries are not identical.

60. Many participants stated that there is a need to address the erosion of preferences both within and outside the context of the WTO. While there is no easy answer to this issue, possible approaches include widening and deepening existing preferential schemes and enhancing utilization, adopting simple, flexible and realistic rules of origin adapted to the industrial profiles of beneficiary countries, while ensuring progress in multilateral liberalization.

61. It was stated that progress in the work programme on small economies is important, as the countries concerned face particular challenges in taking advantage of world trade.

62. Commodity issues remain key to alleviating poverty for a number of developing countries, including sub-Saharan Africa and low-income countries.

63. *Adjustment and aid for trade:* In order to realize the expected benefits of market openings, a "Doha-plus" trade-enabling development cooperation agenda is required. It was suggested that aid for trade initiatives should go beyond compliance or enabling trade negotiations into deeper and sustained capacity building. This should include assistance to developing countries, in particular LDCs, to address supply-side constraints, lack of competitiveness and infrastructural inadequacies; making available special funds for micro-credit and micro-projects in order to diversify LDCs' production; providing post-ATC adjustment assistance; addressing development aspects of cotton; solving practical trade problems arising from liberalization, implementation and other related shocks; and helping with job creation. It was suggested that an adequate financing facility needs to be built into the MTS ex ante. The endorsement of the Aid for Trade initiative at the recent meeting of the Development Committee of the IMF and the World Bank was noted, and several members drew attention to the need to seek substantial and additional means and resources for aid for trade. UNCTAD should play an important role in the area of aid for trade.

64. *Agriculture*: Participants concurred that agriculture is a key area of the Doha negotiations, and that a meaningful outcome is necessary. It was felt that consideration of concrete figures would serve to move the negotiations forward. There is a need to secure improved market access on products of export interest to developing countries by elaborating an appropriate tariff reduction formula. Substantial reduction of trade-distorting domestic support needs to be ensured while taking account of food security, livelihood and rural development. Export subsidies need to be eliminated by a credible end date, and disciplines elaborated on parallel commitments in food aid, export credits and state trading enterprises. It was also emphasized that it is important to take due account of the concerns of net-food-importing developing countries and LDCs. Effective and meaningful SDT in such areas as special products and the Special Safeguard Mechanism needs to be an integral part of the three pillars.

65. *Cotton*: It was noted that some progress has been made on the development track through development assistance. However, it was considered by some countries that there is a strong need to achieve substantial progress in the negotiations in the trade track encompassing all trade-distorting policies.

66. *NAMA*: It was recognized that all countries have a positive interest in seeking the reduction of tariff peaks and tariff escalation, as well as non-tariff barriers. A major challenge remains to find a formula that is effective, transparent and equitable and incorporates appropriate SDT and less-than-full reciprocity. It was stated that other key issues are treatment of unbound tariffs and flexibility for developing countries. A number of members stated that appropriate policy space is required to prevent unemployment and de-industrialization, address revenue loss and promote nascent industries. In regard to the LDCs, many participants stressed the importance of bound duty-free and quota-free market access for all their exports, with simplified and realistic rules of origin adapted to their industrial capacities and elimination of other NTBs. As regards the sectoral component, some countries highlighted the need to ensure that participation is voluntary. It was stated that addressing high tariffs and tariff peaks applied by developed countries to key products of export interest to developing countries, particularly textiles and clothing, is important to countries not covered by preferential schemes. Concern was also expressed that textile quotas may be replaced by anti-dumping measures and other NTB measures. Some participants emphasized that a pro-development outcome in NAMA requires that developing countries themselves accept an appropriate level of market access commitments.

67. *Services* are new growth areas for developing countries. It was stated that substantial improvements need to be made in market access in modes and sectors of export interest to developing countries such as tourism, business and professional services, and construction services. Attention was drawn by some members to the need to correct asymmetries resulting from the Uruguay Round through commercially meaningful Mode 4 commitments. The view was expressed that Mode 1 is instrumental in expanding trading opportunities through outsourcing. While recent proposals have been made to adopt a complementary approach by setting “baselines” for negotiations so as to ensure deeper commitments by countries, concern was expressed by many developing countries that such an approach would reverse the logic and spirit of the GATS and the Guidelines for Negotiation, leading to a substantial loss of the built-in flexibilities provided under the GATS. It was emphasized that developmental provisions of GATS

Articles IV and XIX, the Guidelines and the LDC modalities should remain the benchmark for the negotiations. There is also a need to progress on rules, domestic regulations and assessment of trade in services.

68. *Trade facilitation:* Many participants underscored the fact that negotiations need to be conducted in full conformity with the Modalities. The need was stressed to ensure synergies and sequencing between the level of commitments, costs, the availability of resources, and the provision of financial and technical resources for capacity building support for developing countries. It was noted that a number of proposals on key issues in trade facilitation are being co-sponsored by developed and developing countries and that this area has the potential for a win-win outcome.

69. *Rules:* Some members highlighted the fact that the negotiations on rules are now embarking on text-based discussions to clarify and improve the relevant WTO agreements. Some developing countries expressed the view that improvement should not result in increased complexity. Negotiations on rules on regional trade agreements (RTAs), including the terms of incorporating SDT, were identified as being particularly important, as a large number of developing countries are currently negotiating RTAs with developed countries.

70. *TRIPS:* It was stated that an expeditious permanent solution involving amendment of the TRIPS Agreement to incorporate the August 2003 Decision on TRIPS and Public Health needs to be established by the time of the MC6. The view was also expressed that there is need to ensure a mutually supportive relationship between the Convention on Biological Diversity (CBD) and the TRIPS, including on issues of disclosure of genetic resources, prior informed consent and equitable benefit sharing.

71. *WTO accession:* Several acceding countries drew attention to particular challenges they face in the process of accession such as deep and onerous market access and other commitments that may have developmental implications. It was stressed by them that there is need to ensure that commitments should be consistent with their levels of development. Concrete consideration should also be given to the concerns of newly acceded countries.

### **RTAs and South-South trade cooperation**

72. Some members called for coherence between development objectives of developing countries on the one hand and objectives in bilateral, regional and multilateral trade negotiations on the other. It is important to ensure that principles such as SDT are not eroded in the pursuit of other initiatives. UNCTAD policy work in this area is a useful tool in ensuring coherence. Many members emphasized the need for strengthened South-South cooperation, which provides the possibility of substantially increasing trade among developing countries. The ongoing GSTP negotiations in UNCTAD will lend further impetus to South-South trade, and also strengthen the MTS.

### **Role of UNCTAD and the Trade and Development Board**

73. There was recognition that UNCTAD can and should play a role in bringing the Doha negotiations to a timely and development-focused conclusion. As the focal point in the UN system for the integrated treatment of trade and development and related issues, UNCTAD has a

unique and comprehensive mandate to support international trade negotiations through its three pillars of work. The deliberations of the Board were reaffirmed as being of unique value in fostering understanding and consensus on key trade negotiating issues of importance to developing countries. Appreciation was expressed for the valuable analytical, technical assistance and capacity building activities for all trade negotiations provided by UNCTAD. Its continuous assessment of the Doha round serves as a useful guide to the negotiations and a development audit of related policy options. The assessment of gains from the round, market access, adjustment, SDT, preference erosion, rules of origin, aid for trade, NTBs, and coherence between the MTS and RTAs were identified as possible areas of further work. UNCTAD should continue to provide support to developing countries in the formulation of specific proposals on development-related and SDT issues on an ongoing basis. UNCTAD's technical cooperation and capacity building in trade negotiations and commercial diplomacy have had a sustained impact in beneficiary countries in building human, institutional, trade policy, and regulatory capacities of developing countries. Special reference was made to UNCTAD's support for the expert and ministerial meetings of LDCs, the AU and Arab States in preparation for MC6, and in connection with WTO accession, trade in services and JITAP. The generous contributions of donors to UNCTAD's trade and trade negotiation activities were appreciated, and donors were encouraged to continue and increase such support.

74. UNCTAD and the WTO have complementary roles. UNCTAD's continued cooperation with the WTO and other relevant international institutions was stressed, particularly because part of the challenge of fulfilling the development dimension of the DWP lies outside the WTO.

#### **D. Technical cooperation activities: Report on UNCTAD's assistance to the Palestinian people<sup>4</sup>**

75. The **Coordinator of UNCTAD Assistance to the Palestinian People** introduced the "Report on UNCTAD's assistance to the Palestinian people" (TD/B/52/2). He said that UNCTAD as an organization could take great professional pride and satisfaction at seeing this programme grow into a mature and vital component of international aid to Palestine. The report summarized the sustained progress made by UNCTAD in delivering timely, focused, relevant and effective technical assistance to the Palestinian people. It also investigated the continued adverse impact of the five-year-old crisis and war conditions confronting the economy of the occupied Palestinian territory. Furthermore, it contained a number of policy messages relevant to the twin processes of reforming the Palestinian economy and creating the economic institutions for a Palestinian State, as envisioned in the milestone UN Security Council resolution 1397 (2002). He said that the report demonstrated how the secretariat combined rigorous development-oriented research with focused and cost-effective technical cooperation on the basis of a consensus of support from all members of UNCTAD.

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<sup>4</sup> Included in the Board's report to the General Assembly in accordance with General Assembly decision 47/445.

76. Although the Palestinian economic decline since 2000 seemed to have now bottomed out, the secretariat report conveyed some important facts about the economic realities facing the Palestinian people in the wake of prolonged strife and occupation, of which he highlighted the most striking. Such realities on the ground should certainly give one pause when designing economic and development policies for the future since it was evident that the Palestinian economy suffered from distortions and imbalances that no standard prescription of economic reform or trade liberalization would be able to effectively tackle. Recently, the Palestinian Authority and the international community had established economic reform benchmarks for the immediate future, which in the economic governance sphere alone called for powers and capacities that were usually those of sovereign States. While such reforms might help create the conditions for a viable Palestinian State, it was only fair to ask whether they should be considered to be preconditions for statehood. Accordingly, the report called for a pro-poor, reform-for-statehood agenda, which should be based on a wide participatory approach, rooted in a development-driven approach to trade rather than in a trade-driven approach to development.

77. Since completion of the report, important developments had taken place with the unilateral Israeli disengagement from Gaza. This bold and decisive move had been welcomed by all parties and considered a watershed, constituting the first dismantlement by Israel of settlements in the occupied territory. The World Bank had taken the lead within the international community in trying to maximize the potential benefits of this development, with UNCTAD and most other agencies playing a quiet supportive role. So far, however, the necessary conditions established to make the disengagement a win-win situation for both Israel and Palestine did not seem to have emerged. UNCTAD could only add its voice to those who looked forward to seeing economic dividends of the disengagement materialize in the occupied territory so that both parties could enter a period of constructive engagement and a return to the peace process.

78. The speaker also reviewed the most pertinent success stories of UNCTAD's technical assistance to the Palestinian people, which continued to expand despite inadequate resources for central support functions needed to provide intensified assistance to the Palestinian people, as called for in the Bangkok and São Paulo mandates. Unless more predictable means were soon identified for providing adequate resources for this programme as decided at UNCTAD XI, the secretariat would have to curtail its level and scope of involvement in 2006, despite its readiness to expand and deepen its work. He highlighted UNCTAD's concrete contribution to Palestinian institution- and State-building efforts through projects such as the establishment of the Palestinian Shippers Council (PSC), support for small and medium-sized enterprise (SME) development (Empretec), customs modernization and automation, ASYCUDA, and preparations for observer status for Palestine at the World Trade Organization (WTO). In its work in these and other areas, the secretariat would endeavour to carefully respond to Palestinian needs and specificities, in close consultation with Palestine. In concluding, he said that as the secretariat took this programme of assistance into the next biennium, the support of all members of UNCTAD was required in order to maintain the consensus that had been built on this issue and in mobilizing adequate extrabudgetary resources.

79. The representative of **Palestine** thanked the secretariat for its report and introduction and for its assistance to the Palestinian people. He was confident that under the stewardship of the



new Secretary-General, UNCTAD would be enabled to secure further regular and extra-budgetary resources to enhance its assistance to the Palestinian people. The Palestinian Authority had the arduous task of jump-starting economic recovery while formulating effective development strategies to address soaring unemployment and rising poverty levels. The task was all the more difficult given the complexities in formulating a sound strategic plan in the context of a weak institutional framework, prolonged occupation and the deficiencies inherent in the Paris Economic Protocol. Thus, Palestine faced a political economy of forced dependence and an unpredictable war environment.

80. The new leadership of the Palestinian people had embarked on the process of rebuilding institutions and a shattered economy. This process required a three-pronged approach: initiating political and economic reform, which entailed enhancing public-private partnerships; reviving a shrinking economic base through designing pro-poor policies that broadened economic opportunities and reduced vulnerability; and increasing the productivity of ailing economic sectors and designing sound policies that led to growth and development.

81. Private sector development required an enabling environment and policies that aimed at achieving efficient economic performance needed for sustained growth. This had been achieved in other economies in the presence of strong States with the sovereignty and political capacity to govern their economies. Reform prior to statehood in the case of Palestine was unrealistic given that reform was a lengthy process that, to be effective, required not only political will but also sovereignty. Reform was a national demand and was being carried out through a participatory approach; but considering it to be a prerequisite for statehood ignored the political configurations under which the Palestinian institutions operated. Israel's occupation policies had dictated the contours of the Palestinian economy, which was forced to operate within a non-contiguous and shrinking territorial base.

82. Intensive Israeli settlement activities in the West Bank, particularly in and around occupied East Jerusalem, undermined Palestinian national goals and jeopardized the two-State solution embodied in the internationally supported Road Map. Such Israeli policies and practices had adverse economic implications since they had severed internal market linkages and prevented access to regional and international markets, both of which were essential for enhancing trade and export-oriented economic growth. An illustration of Israeli obstacles to Palestinian development was the impact of the Wall and settlement activities on the agricultural sector. The area of land annexed by the Wall constituted the most fertile in the West Bank, while restrictions imposed on transporting produce had curtailed access to markets and raised transaction costs to unsustainable levels.

83. Moreover, the Paris Protocol, which effectively institutionalized Israel's policies of transforming the Palestinian economy since the 1967 occupation into a command economy under its control, had also played a major role in exacerbating economic fragility and dependence. In such a disabling environment beyond the control of the Palestinian Government, even the most sound, efficient and effective pro-poor policies could not easily achieve their desired outcomes. Despite the short-lived euphoria following the withdrawal of Israeli troops from the Gaza Strip and the dismantlement of Israeli settlements therein, Gaza continued to be under Israeli occupation and constituted the largest open-air prison in the world, with 1.3 million Palestinians

locked up among the rubble and waning infrastructures. Borders, airspace and the sea continued to be controlled by Israel, while the latter's insistence on controlling the movement of people and goods at the Palestinian border with Egypt was clear evidence of the persistence of the occupying power in maintaining its grip on the Palestinian economy.

84. In conclusion, the speaker said that while developing countries that had attained their independence decades ago had faced major challenges in their pursuit of development, the Palestinian people, who had been suffering prolonged Israeli occupation, faced the twofold task of controlling the damage arising from this occupation and simultaneously trying to develop. Palestine was grateful for all forms of assistance and support rendered to alleviate the grave impact of the Israeli occupation. However, the best way to assist the Palestinian people was to put pressure on Israel to end its occupation.

85. The representative of the **Democratic Republic of the Congo**, speaking on behalf of the **Group of 77 and China**, thanked the secretariat for its useful report, which not only highlighted UNCTAD's technical assistance activities but also presented a comprehensive analysis of the war-torn Palestinian economy, distortions as a result of years of occupation and dependence on the Israeli economy, and the challenges resulting from five years of retrenchment. He noted that despite the extremely difficult conditions and the donor focus on relief efforts, significant progress had been achieved in UNCTAD's technical assistance to Palestine. He recalled the Bangkok Plan of Action and the São Paulo Consensus, and urged the Board to continue supporting UNCTAD's visionary activities in favour of the efforts of the Palestinian Authority (PA) to build the future State.

86. He noted the bleak picture facing the Palestinian people and highlighted a number of challenges confronting Palestinian policymakers, including the loss of one third of welfare gains between 1999 and 2004; increased poverty, with 61 per cent of Palestinian households living below the poverty line; the erosion of production capacity; increased dependence on imports, particularly from Israel; the consistently high domestic absorption; and the allocation switch from investment to consumption.

87. He supported the report's call for a development-oriented approach based on national consensus and for pro-poor economic and trade reform towards the assumption of responsibility for statehood. Reconstruction and development efforts should focus on the long term. However, the extremely limited policy space available to policymakers made the meeting of these challenges unfeasible. In this regard, he called for the PA to be given sufficient policy space to draw up its own economic policy road map to statehood while ensuring cohesion between immediate and strategic objectives. He supported the report's suggestion that the PA could benefit from the experience of the East Asian and other countries that had managed to achieve rapid growth against a backdrop of political crisis and conflict. In concluding, he fully supported UNCTAD's assistance to the Palestinian people as mandated in Bangkok and São Paulo, and requested the Board to call for the provision of adequate resources for this programme to ensure the delivery of effective assistance to the PA's support of the preparatory process for statehood, in line with the two-State solution.

88. The representative of **Egypt**, speaking on behalf of the **African Group**, supported the statement by the Group 77 and China. She expressed full support for the Palestinian State as

envisaged by the UN resolutions and stressed the urgent need to create the institutions necessary for its efficient running. She agreed that, as stated in the report, the PA had already taken concrete steps in the area of economic governance, and that the tasks set by the international community and the PA itself were challenging, to say the least, especially in the light of the debilitating economic conditions resulting from the five years of the Israeli campaign and almost four decades of occupation and dependence.

89. She expressed her satisfaction with the significant progress achieved in the implementation of UNCTAD's programme of technical assistance to the PA, despite the extremely difficult field conditions and the donors' focus on relief. It was therefore important that Board members support UNCTAD's visionary activities aimed at supporting the PA's efforts towards building the institutions essential for the future State. This required, as called for in the São Paulo Consensus, adequate resources, both to continue to build technical assistance in the field and to support the secretariat's core management in Geneva. She stressed that these had not yet been forthcoming as required.

90. The challenges of the ongoing crisis were amplified by the extremely limited policy space available to Palestinian policymakers to manoeuvre the economy out of a seemingly unending regression. She called upon the international community to equip the PA with whatever was needed to get the economy out of this stalemate. She concurred with the report's assertion that the Palestinian economy was suffering from distortions created by years of destruction and decades of occupation and unbalanced development that mainly served the interest of the occupying power. For any reform or trade regime to have a meaningful impact, these distortions should be corrected first. She also agreed with the report when it stated that the challenges facing Palestinian policymakers called for powers that were usually those of sovereign States. These challenges might help create the conditions for a viable Palestinian State. However, she questioned whether they should be considered preconditions for statehood.

91. The speaker highlighted the secretariat's ability to respond to the Palestinians' future needs, as reflected by the continued expansion of its technical assistance programme. This had enabled the Palestinian people to establish irreversible institutional "facts on the ground" that were needed for the future Palestinian sovereign State. She warned that the continuing inadequacy of resources available for central support functions for APPU since 2004 threatened smooth implementation and satisfactory results. UNCTAD continued to operate under tight constraints, which adversely affected its ability to implement the Bangkok and Sao Paulo mandates. Moreover, the conditions on the ground and Israeli restrictions on mobility and field access of UNCTAD staff, project personnel and consultants continued to limit the scope and pace of technical assistance activities. The speaker concluded by saying that all concerned UNCTAD members should actively work with the secretariat to identify the adequate resources which the São Paulo Consensus stated were needed for UNCTAD to continue to intensify its assistance to the Palestinian people.

92. The representative of **Pakistan**, speaking on behalf of the **Asian Group**, associated himself with the statement made on behalf of the Group of 77 and China and expressed his group's concern about the deteriorating living conditions in the occupied Palestinian territory.

93. Although UNCTAD had had some success in assisting Palestine, the fact remained that the economy of the West Bank and Gaza was now 15 per cent smaller than in 1999, and that poverty continued to increase, with almost two thirds of Palestinian households living below the poverty line and one third of the population living in extreme poverty. It was therefore evident that much remained to be done. He referred to the important steps that had been taken by the Palestinian Authority in the area of economic governance. It was important to support those efforts to enable the formulation and implementation of development policies that fully integrated the accomplishment of the internationally agreed development goals, including the Millennium Development Goals. This would be a major challenge, especially in the light of the circumstances that had led the report to characterize Palestine as a war-torn economy.

94. The Asian Group therefore supported the call for a pro-poor, reform-for-statehood agenda, based on a wide participatory approach, to ensure that the poor were accurately targeted and that public-private sector partnerships were strengthened and enhanced. In addition, economic restructuring efforts and plans for statehood should revolve around time-bound quantitative objectives, support for viable economic sectors, job creation and poverty reduction. The experiences of other Asian countries in nation building and development might provide useful lessons about best practices that could be drawn on during policy planning and implementation.

95. In conclusion, he noted the importance of fully implementing the provisions of the São Paulo Consensus, including those areas pertinent to today's debate. This required that the necessary resources and support be provided to the secretariat not only for its technical assistance activities, but also for policy analysis that might be pertinent to the development of the Palestinian economy, in particular operationalizing the concept of policy space. He looked forward to UNCTAD conducting further work in this area, and to concrete outcomes in strengthening the Palestinian economy and its development policy.

96. The representative of the **United Kingdom**, speaking on behalf of the **European Union and the acceding countries of Romania and Bulgaria**, agreed with the secretariat's recommendation that Palestinian development efforts be rooted in a development-driven approach to trade, and not a trade-driven approach to development. He expressed his appreciation of UNCTAD's continuous support and assistance to the Palestinian people despite budgetary constraints and thanked the staff for their work.

97. The EU had increased its financial assistance to the Palestinian people to 240 million euros per annum, of which 60 million euros were allocated to reviving the economy and creating the necessary institutions for generating growth. The EU had also allocated 703,000 euros in 2005 to support UNCTAD technical assistance activities, including the establishment of the Palestinian Shippers' Council and the extension of the UNCTAD Automated System for Customs Data to the Gaza border with Egypt.

98. The representative of **Israel** acknowledged the report prepared by the secretariat on assistance to the Palestinian people and said that Israel supported the important ongoing work by UNCTAD in capacity building and technical assistance. All the activities in which UNCTAD was engaged in assisting the Palestinian people were key issues in building a viable and competitive

economy and developed economic institutions, something that was in the interest of Palestinians and Israelis alike.

99. However, Israel continued to question, without having received an answer so far, why a specific agenda item on this issue existed and why a special discussion was devoted to the Palestinian economy but not to other economic situations in areas that were not better off and could benefit from UNCTAD's attention. Had the report really focused on the activities that UNCTAD had set out to conduct with respect to its unique mandate to build capacity in the field of trade and development, Israel would have been able to endorse this year's report together with other UNCTAD members. Regrettably, the authors of this report had chosen once again – even more so than usual – to present a narrow and one-sided political report. With so much focus on the past, the report failed to be relevant as it did not take into consideration the unprecedented initiative to disengage from the Gaza Strip. The end of Israeli control over Gaza allowed the Palestinians to develop their economy and build a peace-seeking, law-abiding, transparent and democratic society.

100. Even before the Gaza disengagement, there had been indications that the Palestinian economic situation had started to recover. The UNCTAD report noted that in 2003 there had been improvements in economic indicators such as GDP and GDP per capita. However, it went on to claim that there had been an economic decline the following year. Contrary to this report, the World Bank, as well as the Palestinian Bureau of Statistics, had indicated that economic growth had continued in 2004 and at the beginning of 2005. The report made reference to the "better years" of the Palestinian economy – that is, 1994–1999 – as opposed to the "worst years" since 2000. However, it failed to mention the obvious cause of this decline, namely the irresponsible decision taken by the Palestinian leadership at the time to lead the region into a turbulent cycle of violence. She did not doubt that cessation of Palestinian terror today would allow the Palestinian economy to recover and grow exponentially. Even in a serious security situation, Israel had been doing its utmost to preserve the fabric of civilian life. This had included allowing tens of thousands of Palestinians to enter Israel on a daily basis for work, commercial purposes and medical treatment.

101. Throughout the years, Israel had reiterated its support for strengthening the Palestinian economy and had welcomed the support of UNCTAD in helping to achieve that objective. However, UNCTAD would not serve the Palestinians well by providing an incomplete picture of the facts or by blaming one side while exonerating the other. Even though the report called for reforms in the Palestinian Authority, it avoided crucial issues such as corruption, monopolies, lack of transparency and the absence of an enabling environment. Moreover, the report criticized the trade agreement between Israel and the Palestinian Authority, and failed to mention its many positive aspects from which the Palestinians benefit, such as price stability and efficient collection of taxes and VAT. This agreement had been concluded after intensive bilateral negotiations, and it could be altered or revised only by mutual agreement.

102. In concluding, she said that despite the many inconsistencies in the report, attention should be focused on UNCTAD's activities and programmes, and not on the political and unbalanced aspects of the report. She hoped that UNCTAD would remain focused on fulfilling its mandate as contained in the São Paulo consensus adopted in 2004 and that next year's report

would be devoted to its operational activities and projects. Israel strongly believed that capacity-building activities and technical cooperation were the preferable way to achieve maximum impact on economic development, and she concluded by saying that Israel was willing to act together with the Palestinians for the improvement of their economy.

103. The representative of the **United States of America** stated that Israel's historic withdrawal from Gaza and parts of the northern West Bank was a step towards a peaceful resolution of the conflict. The United States was working with both parties, as well as the international community, to achieve the vision of two democratic States living side by side in peace and security. She thanked the secretariat for its introduction to the item, and for the report, which clearly outlined the challenges facing Palestinian economic development. She stressed the priority of returning the Palestinian economy to sustainable growth, and indicated that the United States was the largest donor to the West Bank and Gaza, with more than \$253 million of aid in the fiscal year 2003. In the fiscal year 2005, US support was \$225 million, including \$50 million in direct assistance to the PA for Gaza reconstruction. For 2006, the request was for \$150 million.

104. The United States remained in close consultation with the parties and the Quartet concerning the issues of border crossings, West Bank–Gaza linkage, barriers to movement in the West Bank and the Gaza airport/seaport. The establishment of Palestinian statehood required the renewed attention of the PA to carrying out reform in the areas of anti-corruption, transparency and accountability, and the restoration of law and order. Both Israel and the Palestinians had obligations under the road map: the PA needed to confront violence, dismantle terrorist infrastructure and streamline its security forces; and Israel had to dismantle unauthorized outposts and end settlement expansion. She emphasized the importance of regional and international cooperation and assistance for future progress, in which UNCTAD had a role to play in assisting the Palestinian people. She concluded by saying that the secretariat was doing good work under difficult conditions.

105. The representative of **Indonesia** associated himself with the statements made on behalf of the Group of 77 and China and the Asian Group, and commended the secretariat report on the Palestinian economy. Recent developments in the occupied Palestinian territory marked by the unilateral Israeli disengagement from Palestine had not given rise to an environment that was conducive to improving the lives of the Palestinian people. The international community should take all necessary steps to put a stop to the constant hostilities taking place in the territory in order to give the Palestinian people a chance to improve their lives. He noted the consistent involvement of UNCTAD in assisting the Palestinian people despite inadequate extrabudgetary resources, which hindered efforts to implement the Bangkok and São Paulo mandates.

106. The dependence of the Palestinian economy on Israel proved to be increasing, as witnessed by the impoverishing impact of Israel's tightening of mobility restrictions, combined with the systematic internal and external closure policy imposed on the West Bank and Gaza. The international community should devise a way to enable the Palestinian economy to emerge from its dependence. He highlighted the importance of a political settlement to restore peace in the territory, which was necessary for Palestinian economic development and the prosperity of its people. The challenges faced by the Palestinian Authority in its preparations for statehood called for greater international assistance in contributing to the extrabudgetary resources required for the

smooth running of UNCTAD efforts to help the Palestinian people. He agreed with the report's assertion that the agenda of Palestinian reform for statehood should be based on a development-driven approach to trade, and not a trade-driven approach to development. Such an agenda must be built within a framework based on national consensus that unambiguously identified pro-poor development and reform priorities.

107. The representative of **Jordan** thanked UNCTAD for its report and the presentation by the representative of the secretariat. It was distressing to see in the report's analysis of the war-torn Palestinian economy figures showing large falls in GDP and per capita income, and substantial increases in cumulative opportunity loss of income, and therefore poverty. All of this was the result of Israeli military operations, which had led to the halting of economic activities, destruction of infrastructure, erosion of the economic base and an expenditure switch from investment to consumption. With two thirds of the population living under the poverty line, including one third living in extreme poverty, it was not possible to talk about development and growth. The report clearly showed the difficulty of effective building of the economy under foreign occupation and war conditions.

108. It was his wish that recent developments might offer some hope, no matter how small, as regards ending the hostile relations between the Israeli and Palestinian sides. The Palestinian people's economic conditions and economic reform were directly related to the security and political situation. Peace and security would allow the Palestinians to focus on correcting their growth path, developmental trade policies and many other of the report's recommendations, such as the design of the Palestinian road map and ensuring synergy between short-term and strategic goals.

109. He emphasized the need to support recent progress by linking the Israeli withdrawal from Gaza to the road map, in which Jordan was ready to play a role at all levels; achieving security and stability for the Palestinian people; providing financial support to the Palestinian people; strengthening the capacity of official Palestinian institutions; urging international organizations to extend technical assistance to the Palestinians; and supporting the continuation of UNCTAD's assistance to the Palestinian people. Finally, he thanked the APPU for its efforts, as well as the donor community.

110. The representative of **China** expressed his country's appreciation of UNCTAD's role and programme of assistance to the Palestinian people over the last year. He also commended the secretariat's report for the sound policy recommendations that would enable the Palestinians to set the economy on the path of recovery. Although the São Paulo Consensus called for the intensification of the secretariat's programme of assistance to the Palestinian people, strengthened with adequate resources, there was still a gap between realities and needs. In fact, the secretariat's programme of activities risk being reduced as a result of resource constraints. He hoped that the international community would pay sufficient attention to this problem. Furthermore, he expressed his country's deep concern about the humanitarian disaster facing the Palestinian people, and called for the international community to pay greater attention to the conflict between Israel and Palestine. China recognized that the development of the Palestinian economy depended on achieving progress in the peace process based on relevant United Nations resolutions and the road map.

111. The representative of the **Islamic Republic of Iran** associated himself with the statements made on behalf of Group of 77 and China, and the Asian Group, and expressed his country's appreciation of UNCTAD's informative report on its assistance to the Palestinian people. The report clearly indicated how the Palestinian people were working in an environment of insecurity, impoverishment and denial of their basic rights. The economy was continuing to contract, with a serious impact on poverty, production capacity and the welfare of the people. This war-torn economy had also been prevented from interacting with regional economies. It had continued its sharp decline during the past year, with a sustained contraction of its supply capacity as a result of decades of occupation, and destruction and deterioration of private and public infrastructure, as well as restrictions on the movement of people and goods, and a systematic internal and external closure policy.

112. Ironically, the erosion of Palestinian productive capacities and the degradation of the people's ability to feed themselves had increased imports, with major benefits for the occupying power. The forced economic relations between the Palestinians and Israel had become a classic case of an occupying entity exploring all possibilities and potentials for the systemic exploitation of the occupied. The recognition of the Palestinians' fundamental rights, including their right to development, and implementation of the relevant Geneva conventions in support of civilians in territories under occupation should be the immediate demand of the international community to the occupying entity. He commended UNCTAD for providing assistance to the Palestinian people under such adverse conditions. This assistance should have a two-track approach, firstly to prevent the deterioration of the Palestinian economy as much as possible, and secondly to assist the Palestinian Government in strengthening its institutional capacity and infrastructure in preparation for future statehood.

113. The representative of **Japan** expressed his country's support for UNCTAD's programme of assistance to the Palestinian people, and the commitment to help move the Middle East peace process forward. He underlined Japan's recent contribution to the peace process following the Israeli disengagement from Gaza, including a grant of \$49.8 million to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. In addition, at the last meeting between the Prime Minister of Japan and the President of the PA, Japan had pledged a \$100 million grant for the rehabilitation of the refugee camps in the Gaza Strip. This assistance was expected to create 1,670 jobs per day for the unemployed. He concluded by stating Japan's intention to continue to support Palestine in facing the crisis and achieving peace in the Middle East. He also expressed his Government's concerns regarding the resource constraints currently facing UNCTAD's assistance programme.

114. The representative of **Tunisia** thanked UNCTAD for its valuable report and the representative of the secretariat for his presentation, and aligned his statement with that of the African Group and the Group of 77 and China. The Palestinian people were suffering from occupation, increased Israeli restrictions on the mobility of people and goods, destruction of infrastructure and the economic base and a stringent closure policy imposed on their land.

115. The report showed the degree of suffering as reflected by the poverty that affected almost two thirds of the Palestinian population, one third of whom were living in extreme poverty. The settlement policy and the construction of the separation barrier increased the



deterioration of the Palestinian economy, agriculture and food security. The difficult conditions in the Palestinians' land could not be improved without a lasting and comprehensive solution, the ending of the Israeli occupation, the establishment of the Palestinian State and the continuation of international support to the Palestinian people.

116. While his delegation valued the great efforts of UNCTAD and its support to the Palestinian people, he called on UNCTAD members, and particularly donor countries, to increase their coordination with, and support to, this programme in order to allow UNCTAD to intensify its efforts in favour of the Palestinian people and the establishment of their State.

117. The representative of **Benin**, speaking on behalf of the **least developed countries**, expressed his group's appreciation of UNCTAD's programme of assistance to the Palestinian people. Referring to the secretariat's report, he noted that the majority of Palestinians were living in poverty. Although international assistance did bear fruit, the state of affairs and the war conditions in the occupied Palestinian territory undermined every effort. International assistance should focus on improving the Palestinians' living standards. But how would this objective be achieved without peace? It was thus important to support every step towards ending the conflict and achieving peace.

118. The representative of the **League of Arab States (LAS)** expressed his appreciation for the technical assistance extended by UNCTAD to the Palestinian people over the past several years. He highlighted the alarming facts revealed by the report, which showed a lack of progress. The Palestinian economy now was 15 per cent smaller than what it had been four years earlier, mainly as a result of the siege imposed on the occupied Palestinian territory, destruction of houses and infrastructure, and dependence on the Israeli economy. The estimated cost of the last four years was not less than \$10 billion. In addition, the report indicated that two thirds of Palestinians lived below the poverty line, and that one third of that number lived in extreme poverty. This situation called for special efforts to build the Palestinian institutions in a non-stop process. In this regard, the LAS found the initiatives of APPU/UNCTAD very relevant, and they deserved to be supported and advanced, in line with the Bangkok Plan of Action and the São Paulo Consensus. It was his wish that UNCTAD assistance to the Palestinian people be expanded and diversified to meet the needs of the PA.

119. The present condition of the economy required from the donor community a special support package capable of dealing positively with the economic needs of the Palestinian people. He requested UNCTAD and the donor countries to support this programme in order to build the capacity required for full Palestinian sovereignty and national independence.

120. The representative of the **UNCTAD secretariat** said that the secretariat highly appreciated the resonance between UNCTAD's policy message and the serious appreciation it had elicited among Palestinian policy makers, as evident in the statement of the Observer of Palestine. Such a topic could not be easily addressed in isolation from political events affecting it, but UNCTAD always strived to navigate the fine line between UN resolutions, terminology and guidelines on the one hand and the need to maintain a consensus in UNCTAD on its mandate for assistance to the Palestinian people on the other. UNCTAD's technical assistance work could not be conducted in isolation from its ongoing research and policy analysis and intergovernmental review. Finally, the secretariat hoped that existing donors would be joined by new donors who could find areas of common concern and priority in line with Palestinian development needs and UNCTAD's operational competencies.

### III. PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

#### A. Opening of the session

121. The fifty-second session of the Trade and Development Board was opened on 3 October 2005 by Mrs. Mary Whelan (Ireland), the outgoing President of the Board.

#### B. Election of officers

(Agenda item 1 (a))

122. At its 968<sup>th</sup> (opening) plenary meeting, on 3 October 2005, the Board elected Mr. Ransford Smith (Jamaica) by acclamation as President of the Board for its fifty-second session.

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

<b>President:</b>	H.E. Mr. Ransford A. Smith	(Jamaica)
<b>Vice-Presidents:</b>	H.E. Mr. Juan Antonio March	(Spain)
	H.E. Mr. Wegger Christian Strømmen	(Norway)
	H.E. Mr. Juan Antonio Fernández Palacios	(Cuba)
	Mrs. Brigitta Maria Siefker-Eberle	(Germany)
	Mr. Iouri Afanassiev	(Russian Federation)
	Ms. Melissa Kehoe	(United States)
	H.E. Mr. Sameh Shoukry	(Egypt)
	H.E. Mr. Kwame Bawuah-Edusei	(Ghana)
	H.E. Mr. Gyan Chandra Acharya	(Nepal)
	H.E. Mr. Musa Burayzat	(Jordan)
<b>Rapporteur:</b>	Mr. Levan Lomidze	(Georgia)

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

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

(Agenda item 1 (b))

125. At its opening meeting, the Board adopted the provisional agenda for the session contained in TD/B/52/1. (For the agenda as adopted, see annex below.)

126. At the same meeting, the Board established two sessional committees to consider and report on items on its agenda as follows:

Sessional Committee I on item 4: Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010;

Sessional Committee II on item 5: Economic development in Africa: The role of foreign direct investment in growth and development.

127. The following officers were elected to serve on the Bureau of Sessional Committee I:

Chairperson: H.E. Mr. Marc Giacomini (France)

Vice-Chairperson-*cum*-Rapporteur: Mr. Naim Akibou (Benin)

128. The following officers were elected to serve on the Bureau of Sessional Committee II:

Chairperson: H.E. Mr. Love Mtesa (Zambia)

Vice-Chairperson-*cum*-Rapporteur: Mr. Luciano Barillaro (Italy)

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

(Agenda item 1(c))

129. At its 977<sup>th</sup> plenary meeting, on 14 October 2005, the Board adopted the report of the Bureau on the credentials of representatives attending the fifty-second session, thereby accepting the credentials.

#### **E. Provisional agenda for the fifty-third session of the Board**

(Agenda item 1 (d))

130. At the same meeting, the Board decided to refer this item to Consultations of the President of the Board. The provisional agenda would thus be submitted for approval at an executive session of the Board at an appropriate time.

#### **F. Appointment for 2006 of the members of the Advisory Body set up in accordance with paragraph 166 of the Bangkok Plan of Action**

(Agenda item 11(a))

131. At its 977<sup>th</sup> plenary meeting, on 14 October 2005, the Board appointed the members of the Advisory Body for the period October 2005–October 2006, as follows: H.E. Mr. Ransford Smith (Jamaica), Mr. Iouri Afanassiev (Russian Federation), H.E. Mr. Sergei Aleinik (Belarus), H.E. Mr. Sameh Shoukry (Egypt), H.E. Mr. Kwame Bawuah-Edusei (Ghana), H.E. Mr. Charles Mutalemwa (United Republic of Tanzania), H.E. Mrs. Clemencia Forero Ucros (Colombia), H.E. Mr. Guillermo Valles Galmes (Uruguay), H.E. Mr. Makarim Wibisono (Indonesia), H.E. Mr. Mohammad Reza Alborzi (Islamic Republic of Iran), H.E. Mr. Masood Khan (Pakistan), Mrs.

Barbara Rietbroek (Netherlands), Mr. Emmanuel Farcot (France), Mr. Fredrik Arthur (Norway), Mr. Kiminori Iwama (Japan).

### **G. Review of the calendar of meetings**

(Agenda item 11(d))

132. At the same meeting, the Board approved the calendar of meetings for the remainder of 2005 and the indicative calendar of meetings for 2006 (TD/B/INF.203), on the understanding that changes to the dates or venues of meetings could only be made on the basis of consensus.

### **H. Membership of the Working Party for the Medium-term Plan and the Programme Budget for 2006**

(Agenda item 11(e))

133. At the same meeting, the Board approved the membership of the Working Party for 2005, as follows: Belarus, Benin, Bulgaria, China, Cuba, Finland, India, Islamic Republic of Iran, Italy, Japan, Libyan Arab Jamahiriya, Pakistan, Peru, Russian Federation, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela and Zambia.

### **I. Administrative and financial implications of the actions of the Board**

(Agenda item 11 (f))

134. At the same meeting, the Board was informed that there were no financial implications arising from the work of its fifty-second session.

### **J. Adoption of the report**

(Agenda item 12)

135. At its 977<sup>th</sup> plenary meeting, on 14 October 2005, the Board took note of the reports of Sessional Committee I (TD/B/52/SC.1/L.1) and Sessional Committee II (TD/B/52/SC.2/L.1 and Add.1) and decided to incorporate them into the final report of the Board on its fifty-second session.

136. At the same meeting, the Board adopted the draft report on its fifty-second session (TD/B/52/L.2 and Add.1–6), subject to any amendments that delegations might wish to make to the summaries of their statements. The Board further authorized the Rapporteur to complete the final report as appropriate and to prepare the report of the Trade and Development Board to the General Assembly.

## Annex

### AGENDA FOR THE FIFTY-SECOND SESSION OF THE TRADE AND DEVELOPMENT BOARD

1. Procedural matters:
  - (a) Election of officers
  - (b) Adoption of the agenda and organization of the work of the session
  - (c) Adoption of the report on credentials
  - (d) Provisional agenda for the fifty-third session of the Board
2. High-level segment: Economic growth and poverty reduction in the 1990s – Lessons from a decade of economic reform for development strategies and global partnerships in the new millennium
3. Interdependence and global economic issues from a trade and development perspective: New features of global interdependence
4. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001–2010:
  - (a) UNCTAD-wide implementation activities in favour of LDCs: Fourth progress report
  - (b) Erosion of preferences for the least developed countries: Assessment of effects and mitigating options
5. Economic development in Africa: The role of foreign direct investment in growth and development
6. Review of developments and issues in the post-Doha work programme of particular concern to developing countries
7. 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:
  - 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
8. Technical cooperation activities:
  - (a) Review of the technical cooperation activities of UNCTAD (report of the Working Party on its forty-fifth session)
  - (b) Report on UNCTAD's assistance to the Palestinian people
  - (c) Investment Policy Review of Kenya

9. 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 of its subsidiary and other bodies
    - (a) Report on UNCTAD XI multi-stakeholder partnerships
    - (b) Hearing with civil society, in accordance with paragraph 117 of the São Paulo Consensus
    - (c) Report of the Working Party on the Medium-term Plan and the Programme Budget on its forty-fifth session (12–16 September 2005)
    - (d) Financing the participation of experts from developing countries and countries with economies in transition in UNCTAD expert meetings
  10. Other matters in the field of trade and development:
    - (a) Progressive development of the law of international trade: thirty-eighth annual report of the United Nations Commission on International Trade Law (Vienna, 4–15 July 2005)
    - (b) Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its thirty-eighth session (Geneva, 18–22 April 2005)
  11. Institutional, organizational, administrative and related matters:
    - (a) 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 2004–2005 and their impact; and the appointment of the members of the Advisory Body for 2006
    - (b) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board
    - (c) Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board
    - (d) Review of the calendar of meetings
    - (e) Membership of the Working Party for 2006
    - (f) Administrative and financial implications of the actions of the Board
  12. Other business
  13. Adoption of the report
-