

**Report from the Twenty-fourth Special Session of the UNCTAD:s
Trade and Development Board**
Monday, 17 March and Thursday, 20 March 2008

The main purpose of the special session was to finalize the preparations for the UNCTAD XII and the reports of the commissions.

I. Opening remarks

In his opening remarks, UNCTAD Secretary General Mr. Supachai urged the national delegations to negotiate a strong text to guide UNCTAD XII and its outcome. He underlined the importance of the conference as an opportunity to address recent developments in the world economy, the key trade and development-related challenges facing developing countries, and the appropriate policy responses.

Mr. Supachai also said that there is already a new structure of the world economy and that there is a need to identify the policies and measures needed to allow developing countries to benefit more from this changed environment. Greater South-South cooperation must be one of these measures. Mr. Supachai said it was hoped that the meeting could make valuable contributions to facing such challenges as finding measures to getting sub-Saharan Africa on track to achieve the Millennium Development Goals (MDGs). It was also to be hoped that the aid-for-trade initiative will make a contribution to achieving the MDGs.

According to Mr. Supachai UNCTAD can play a significant role in the cause of development and therefore, Mr. Supachai said, UNCTAD XII must result in an ambitious outcome. He noted, however that the progress on the negotiating text had been slow, and urged flexibility during ongoing drafting sessions. He also emphasized that regarding issues as climate change, energy and migration, UNCTAD has neither the desire nor the capacity to take on those issues in their totality. Nonetheless, there was a suggestion that UNCTAD should be given an explicit mandate to work on the trade and development implications of these issues.

Regarding concerns on the issue that broadening the organization's area of work would spread its resources too thin, Mr. Supachai emphasized that it was important to identify specific areas where the member states believe UNCTAD should devote the bulk of its resources in the coming four years.

II. Opening statements

Most of the opening statements underlined the need of progress in the negotiations of the text that will guide UNCTAD XII and its outcome.

Opening statements were made by the representative of Brazil, on behalf of the G77 and China; the representative of Slovenia, on behalf of the European Union; the representative of Chad, on behalf of the African Group; the representative of the Philippines, on behalf of the Asian Group; the representative of Cuba, on behalf of the Group of Latin American and Caribbean countries (GRULAC); the representative of Bangladesh, on behalf of the Least Developed Countries (LDCs) Group; the representative of the Russian Federation, on behalf of Group D; the representative of the United States, on

behalf of Japan, the United States, Switzerland, Canada, Australia, Norway and the New Zealand (JUSSCANNZ), as well as Israel and Turkey; the representative of Thailand; the representative of China; the representative of Mexico; and the representative of Belarus.

III. Progress of preparations for UNCTAD XII

The representative of Ghana gave a presentation on the preparations for UNCTAD XII, and regarding logistical matters before and during the conference, that will be held in Accra, Ghana in the end of April 2008. The representative also urged faster and more substantive progress in achieving a negotiated text.

IV. Presentation of reports of commissions

The report of the Commission on Trade in Goods and Services, and Commodities, as well as the report of the Commission on Investment, Technology and Related Financial Issues, were presented on Monday, 17 March. The report of the Commission on Enterprise, Business Facilitation and Development was presented on Thursday, 20 March. The Board took note of all the three reports summarized below.

A. Summary of the report of the Commission on Trade in Goods and Services, and Commodities

Regarding *trade perspective of globalization's contribution to development*, new realities and continuing challenges of globalization affecting trade and development had been emphasized. It had been noted that the increasing scale and scope of international trade had been a powerful accelerator for globalization, and that some developing countries' trade and economic performance had been very dynamic, and that South-South trade had grown rapidly. However, many developing countries had failed to benefit from current trends, and many commodity-dependent developing countries had difficulty in diversifying from exports of a few commodities.

National policies and strategies had been suggested to be at the forefront of developing countries' efforts to create an enabling environment for their qualitative trade integration into the international trading system. However, it had been said that trade liberalization alone would not lead to development.

In order to identify appropriate conditions in which trade policies could have an effective impact on development, the importance of drawing lessons from history had been discussed. It had been suggested that UNCTAD should identify and analyze the enabling policy environment, regulations and institutions that could help to maximize the contribution of international trade to development.

The WTO Doha round had been highlighted and discussed, as well as the need to strengthen the multilateral trading system to ensure the compatibility of regional agreements with multilateral rules. It had also been said that developing countries needed to sensitize themselves to the importance of regional integration as stepping stones of global integration. South-South partnership had been seen as very important, and UNCTAD should help developing countries in analyzing and identifying possible avenues for South-South partnership.

The potential of the expanding services economy and trade in services had been noted. It had also been highlighted that there was a need to find a way in which commodity-dependent countries could transform current positive outlooks into broad-based and inclusive development. It had been said that Aid for Trade and development aid should be complements rather than substitutes, and that UNCTAD should prioritize its support to implementation of the Aid for Trade initiative.

Concerns had been expressed about the consequences of climate change, and that there was a clear need to discuss trade, investment and development aspects of climate change.

On the matter of *UNCTAD's contribution to maximizing gains and minimizing costs from trade-driven globalization*, UNCTAD's long-standing expertise in the integrated treatment of trade and development, based on the organization's three pillars, had been noted by the secretariat. It had also been said that trade-led globalization had brought about development gains, of which some developing countries were major beneficiaries, much due to the commodity price boom. However, it had also been noted that many other developing countries remained excluded from the benefits of global trade. The relevance of UNCTAD's role in promoting practical initiatives to respond to the trade needs of developing countries had been underlined.

It had been suggested that UNCTAD should continue to work to ensure that development gains from the Doha negotiations and regional integration processes were maximized, and that they were mutually supportive. Asymmetries in negotiation capacities between developed and developing countries had been seen as a continuing challenge, and it had been felt that there was a need for independent analysis by UNCTAD to assist developing countries in trade negotiations. The usefulness of UNCTAD's capacity-building programmes in this area had been emphasized.

Challenges of South-South trade and economic cooperation had also been discussed, and it had been said that expansion of South-South trade and economic cooperation provided new sources of growth and development for developing countries.

Regarding the matter of challenges of services trade and development it had been felt that UNCTAD's attention to trade-in-services issues should be strengthened since trade in services was a fast-growing sector that provided many opportunities from which developing countries could easily derive development benefits.

Regarding challenges of Aid for Trade, it had been felt that UNCTAD and other UN bodies must be mobilized in the Aid for Trade initiative to provide the global public goods necessary for all developing countries. It had also been felt that Aid for Trade must be focused on developing the services economy and trade of developing countries and that it must support developing countries' national and regional strategies for exploiting the services economy.

On the matter of challenges of emerging trade and development issues, one matter that had been discussed was trade and development aspects of climate change, energy and labour mobility and that their impact on development and poverty was very real and serious. A major concern had been to harness the development potential of globalization, and to make its impact more inclusive.

On the matter of *trade and development implications of financial services and commodity exchanges*, ways in which commodity exchanges could stimulate South-South trade and regional integration, among other things, had been discussed and proposed. UNCTAD had been requested UNCTAD to assist developing countries on a number of areas of work.

Regarding *the participation of developing countries in new and dynamic sectors of world trade*, with special focus on the South-South dimension, the rapidly evolving realities in the new trade geography had been analyzed, by examining new sectors of trade among developing countries. A number of recommendations on the area had also been made.

Furthermore, trade and development implications of international tourism for developing countries, as well as water and free trade and the interface between water and human rights on the one hand, and privatization, and trade and investment agreements on the other hand, had been discussed. Trade, investment and sustainable development issues arising from measures taken in response to climate change, with a special focus on bio-fuels, had also been discussed.

B. Summary of the report of the Commission on Investment, Technology and Related Financial Issues

Regarding *foreign direct investment and financing for development*, infrastructure had been seen as essential to economic development and to the achievement of the Millennium Development Goals. However, it had been underlined that infrastructure investments needs were immense and increasing and that many obstacles to the development of infrastructure in developing countries had been identified. Capacity-building at the governmental level had been identified as a key element to secure the sustainability of infrastructure projects.

During the commission's meeting it had been highlighted that financing for infrastructure development could support development and ultimately lead to economic growth and poverty reduction. The main challenges for financing infrastructure projects in developing countries, and measures to address these challenges had also been assessed. Some experts from the private sector had presented their views on how to maximize the viability and effectiveness of foreign direct investments (FDI) and official development assistance (ODA) and other sources for financing infrastructure. There had also been a discussion, concluding that public and private investments (including FDI) were not exclusive, but supportive of each other.

On the matter of *development implications of international investment rule making*, three challenges had been identified facing developing countries when negotiating international investment agreements. The question of corporate responsibility and whether international investment agreements should include binding obligations on investors had also been discussed. Furthermore, UNCTAD had been called on to strengthen its technical assistance and capacity-building programmes.

Regarding *comparing best practice for creating an environment conducive to maximizing development benefits, economic growth and investment in developing countries and countries with economies in transition*, five strategic FDI challenges emerging from UNCTAD's investment policy reviews and other work had been outlined.

C. Summary of the report of the Commission on Enterprise, Business Facilitation and Development

Regarding *transport, logistics and global value chains*, key challenges and opportunities that will require UNCTAD's continuing attention considering trade logistics and small and medium-sized enterprises (SMEs) had been noted. During the Commission's meetings, the matter of how SMEs and their linkages to global value chains could strengthen and enhance South-South trade had also been discussed, as well as the importance of an enabling environment in stimulating entrepreneurship and facilitating global trade.

Regarding *regional cooperation in transit transport and solutions for landlocked and transit developing countries*, important solutions to the transit transport challenges at the multinational, regional, bilateral and local levels had been highlighted. The UNCTAD secretariat had provided information on a recently completed project on capacity-building for landlocked and transit countries, focusing on collaboration along transit transport chains.

On the matter of *increasing the participation of developing countries' SMEs in global value chains*, the need to address the informal economy, the need for long-term support and reforms in poverty rights, credit and networking, as well as the special situation of women entrepreneurs had been underscored. Furthermore, a number of policies seeking to help SMEs to participate in global value chains had been suggested. The collaboration between OECD and UNCTAD, especially the challenge regarding their joint research activities, had also been highlighted.

V. Other matters

Regarding institutional, organizational, administrative and related matters, the Board approved Montenegro's membership of the Trade and Development Board. The Board also approved the addition of Estonia, Kazakhstan and Montenegro to the Group D.

The Report of the Trade and Development Board on its twenty-fourth special session, TD/B(S-XXIV)/2, by UNCTAD can be found [here](#).