Chapter IV

International trade, finance and transport

Growth in the volume of world merchandise trade in 2003 accelerated to an estimated 4.7 per cent, from 3 per cent in 2002. The improved performance was attributed mainly to increased import demand in developing countries, particularly in Asia, and in the transition economies. Most of the growth occurred during the second half of the year. Among the developed countries, exports of the United States rebounded in the third quarter and those of Japan recovered in the second half of the year. However, Western Europe experienced low growth in both import and export volumes, while the export performance of Central and Eastern Europe was mixed. On the other hand, the external trade of developing countries grew by 9 per cent, well over the world average. International commodity prices improved slightly in 2003, largely reflecting the weakening of the value of the United States dollar. The General Assembly convened an open-ended panel in October to consider the report of the Meeting of Eminent Persons on Commodity Issues, which made recommendations for improving the conditions in commodity markets and for alleviating the poverty of many commodity producers.

The net transfer of financial resources from developing countries in 2003 was similar in magnitude to that in 2002, when it reached a peak of $192 billion. There was also a net outward transfer from economies in transition. In Latin America, the increase in exports and deceleration in the decline in imports were not enough to reverse the large net outward transfers experienced in 2002. Likewise, the large net transfers from East Asia resulting from its strong export growth continued in 2003.

In September, the multilateral trading system suffered a major setback as the Fifth World Trade Organization (WTO) Ministerial Conference failed to advance the negotiations on key aspects of the Doha work programme adopted at the Fourth (2001) Ministerial Conference. In December, the General Assembly called on WTO members to engage in negotiations with a renewed sense of urgency and to redouble efforts to achieve a successful outcome.

In April, the high-level meeting between the Economic and Social Council and the Bretton Woods institutions (the World Bank Group and the International Monetary Fund) discussed coordination and cooperation in the implementation of the Monterrey Consensus adopted at the 2002 International Conference on Financing for Development and identified significant gaps in some key areas. In October, the Assembly held its first high-level Dialogue on Financing for Development, which called for a more precise mechanism for monitoring implementation of the Monterrey Consensus commitments and of related targets in the Millennium Development Goals, adopted by the Assembly in 2000.

The Trade and Development Board, the governing body of the United Nations Conference on Trade and Development (UNCTAD), adopted agreed conclusions on Africa’s trade performance. It also recommended that the secretariat implement its new strategy for technical cooperation and initiated preparations for the convening in 2004 of UNCTAD XI in Brazil.

The International Trade Centre, operated jointly by UNCTAD and WTO, increased its delivery of technical cooperation programmes for developing countries and economies in transition by some 20 per cent.

International trade

The Trade and Development Report, 2003 [Sales No. E.03.II.D.7] stated that world trade registered a modest recovery in 2002 following the marked deceleration of 2001. Import volumes rose by 1.6 per cent and export volumes by 2 per cent, having fallen by -0.1 and -0.9 per cent, respectively, in 2001. However, the trade volume growth rate exceeded world output by only a narrow margin. The recovery was due to the rise in United States imports, which increased by nearly 4 per cent in 2002, after a 3 per cent decline the previous year, and the recovery of Japan’s imports, which rose by 1.6 per cent, and exports, which attained their 2000 levels. In Asia, China’s export growth rate tripled in 2002, matched by the growth in imports following its accession to membership of the World Trade Organization (WTO). On the other hand, trade volume in the European Union (EU) was low due to slow growth.
in the region, and Latin America experienced one of the worst years since the debt crisis, with an 8 per cent drop in imports; in Argentina, imports fell to half their 2001 level. Exports from that region held up slightly, due to strong demand from the United States combined with currency declines against the dollar. In Africa, the volume of both imports and exports grew by 2.6 per cent despite weak demand from Western Europe. The terms of trade for the region as a whole deteriorated for the second consecutive year, with import growth exceeding export growth in value by a wide margin. Although sub-Saharan Africa’s terms of trade recovered moderately in 2002, reflecting a price increase in exports of non-fuel commodities, that upturn was insufficient to make up for 2001 losses. In the transition economies, both imports and exports decelerated but still exceeded world averages by a wide margin. Many of the candidates for EU membership were integrating more closely into a single market, but weakening growth in the EU caused their exports to slow in late 2002. Export earnings increased for most Commonwealth of Independent States (CIS) countries, notably the Russian Federation, due to rising prices and volume of oil exports.

The World Economic and Social Survey 2003 [Sales No. E.03.II.C.1] stated that the volume of world merchandise trade grew by 1.8 per cent in 2002, the second weakest performance in two decades. However, in dollar terms, world trade expanded by 4 per cent, reflecting modest increases in the prices of commodities and manufactured goods and a weaker dollar. International trade performance was uneven in 2002, with strong recovery in the first half of the year because of improved economic conditions in many countries and a revival in manufacturing. However, by the last quarter, the recovery of global trade decelerated, with new shocks to consumer and investor confidence, slower demand and loss of momentum in industrial production. That weakness intensified in early 2003 as conflict in Iraq loomed.

A joint report on the world economic situation and prospects [Sales No. E.04.II.C.2], issued by the Department of Economic and Social Affairs (DESA) and the United Nations Conference on Trade and Development (UNCTAD), stated that the volume of merchandise trade grew from 3 per cent in 2002 to an estimated 4.7 per cent in 2003, due to increased import demand in developing countries, particularly in Asia, and the transition economies. Most of the growth occurred in the second half of the year. In dollar terms, world trade grew by almost 13 per cent, reflecting not only increased volume but also a continuing weakening of the dollar. Among the developed economies, the merchandise exports of the United States rebounded in the third quarter of 2003, with exports of capital goods leading the recovery. United States real imports grew by almost 4 per cent. Japan’s exports also recovered in the second half of the year, reaching an estimated 6 per cent, while imports were expected to continue their growth of around 5 per cent. In Western Europe, the growth of import and export volumes was low as the euro continued to appreciate in value, increasing competitive pressure on many EU exporters. However, growth in world demand partially offset the negative impact of the stronger euro on exports. Robust domestic demand and currency appreciation weakened exports and increased imports of both Australia and New Zealand, while increased international competition, trade disputes and the appreciation of its currency reduced Canada’s share in the United States market. In the CIS countries, strong regional economic growth and higher oil prices drove rapid trade growth. However, export performance in Central and Eastern Europe was mixed, with exports stalling in some cases because of earlier currency appreciation, and increasing in other cases as competitiveness improved. Imports remained strong due to higher disposable income in most countries and strong investment in others.

In developing economies, external trade grew by 9 per cent in 2003, well above the world average, though imports grew more slowly than exports because of external financial constraints and weak domestic conditions in several economies. Africa recorded a modest trade growth in 2003 as high oil-import bills impacted negatively on the volume of imports of many countries. China continued to play a dominant role in the trade performance of East Asia, as its exports and imports grew by some 30 per cent in nominal terms. Export growth was robust in South Asia in 2003, particularly because Pakistan’s preferential textile export quotas to the EU and the United States were expanded. Western Asia’s trade performance was boosted by the rise in oil prices. Latin America and the Caribbean achieved a more balanced trade performance, with exports growing by only 1.4 per cent, due to Mexico’s poor performance, lower oil exports by Venezuela and weak exports from Argentina. Brazil’s exports benefited from both higher prices and greater external demand, resulting from a diversification of its trading partners, particularly China.

Africa’s trade performance

At its fiftieth session (Geneva, 6-17 October), the UNCTAD Trade and Development Board
(TDB) had before it a July report by the UNCTAD secretariat on economic development in Africa: issues in Africa’s trade performance [TD/B/50/6 & Corr.1]. The report examined the structure of trade and Africa’s performance, price volatility and terms of trade losses, the beneficiaries, past policy responses and policy issues. It noted that Africa’s share in world trade had been falling consistently since 1980. The continent remained heavily dependent on the export of a few primary commodities, most of which had suffered a decline in their value or a loss of competitiveness leading to increasing terms of trade losses. Its share in world exports fell from 6 per cent in 1980 to 2 per cent in 2002, and its share of world imports fell from 4.6 to 2.1 per cent during the same period. Unlike other developing regions, Africa had by and large not been able to diversify into manufactures or market-dynamic products and had even lost market shares for its traditional exports. Although the value of Africa’s manufactures was increasing by 6.3 per cent annually, that rate was low compared with 14 and 12 per cent for Asia and Latin America, respectively. Market-oriented policies had not been able to reverse the situation. In addition to providing better market access and reductions in subsidies for products competing with African exports, external resources were required to compensate for losses and to fill the resource gap in order to ensure adequate investment in the development of human and physical infrastructure, institution-building and diversification.

In agreed conclusions adopted on 17 October [A/58/15 (agreed conclusions 477(L))], TDB noted with concern that Africa’s share in international trade had fallen considerably in the past 20 years; its share in commodity exports, where it traditionally had comparative advantage, had also decreased. It encouraged African countries to continue to promote peace and stability and strengthen their economic and legal framework, which were essential factors for strengthening economic and social development and enhancing their participation in international trade. TDB agreed that the ability of African producers to retain and increase market share and move up the value chain should be enhanced through trade liberalization. Such measures as providing extension services and farm inputs, transportation, market information, quality control and assistance to farmers, TDB encouraged the design and delivery of technical assistance to realize those objectives. It called for support for efforts to develop and upgrade African countries’ productive capacity, increase their export earnings and adjust to fluctuating commodity prices. TDB called for support and exchanges of experiences in the better promotion of commodities of export interest to Africa, including non-traditional exports. It requested UNCTAD, in collaboration with regional economic communities, to further study interregional trade in Africa, with a view to identifying the potential for its future expansion. The international community should complement the efforts of African countries in the context of the New Partnership for Africa’s Development (NEPAD) [YUN 2002, p. 907], to improve the application of the Highly Indebted Poor Countries (HIPC) Initiative and to supply additional public and private resources to bridge the output and terms of trade losses.

The multilateral trading system

Report of Secretary-General. In response to General Assembly resolution S/235 [YUN 2002, p. 951], the Secretary-General submitted an October report [A/58/414], prepared in collaboration with UNCTAD, on international trade and development, which discussed recent trends in international trade, developments in the multilateral trading system, particularly the results of the Fifth Ministerial Conference of the World Trade Organization (WTO) (Cancun, Mexico, 10-14 September), regional arrangements and other trade measures, UNCTAD’s role and development benchmarks.

The report said the Fifth WTO Ministerial Conference had been expected to ensure that political impetus was given to advancing negotiations on key aspects of the Doha (Qatar) work programme, adopted by WTO’s Fourth Ministerial Conference in 2001 [YUN 2001, p. 1352], build greater confidence for the future of the trading system and provide fresh impetus to the world economy and global trade. Despite intensive negotiations since the Doha Conference, progress in advancing the work programme encountered a number of limitations, including the failure to reach agreement on issues of priority concern to developing countries. Those countries found it difficult to compromise in stalled negotiations on agricultural and non-agricultural products and services, and on Singapore issues (trade and competition policy, transparency in government procurement and trade facilitation). On the eve of the Conference, agreement was reached on some issues, including trade-related aspects of intellectual property rights (TRIPS) and public health. Other steps forward included the conclusion of the accession process of Cambodia and Nepal and the adoption of modalities for special treatment of least developed countries (LDCs) in services negotiations. Consensus was not achieved on other key
Doha work programme issues, such as agriculture, non-agricultural market access, special and differential treatment, implementation-related issues and Singapore issues. A revised draft Cancun ministerial text (also known as the Derbez text) was submitted on 13 September, on the basis of which negotiations continued. The Conference Chairman, in a statement issued at the end of the Conference, indicated that the WTO General Council would convene no later than 15 December 2003 to work towards concluding the negotiations. There was concern, however, that the stalemate in the negotiations could lead to a more vigorous pursuit of bilateral and regional trade agreements, the number of which (over 200) had grown rapidly during the 1990s. The cause of trade liberalization could be affected and protectionist sentiment could gain ground.

The report concluded that all countries had shared interests in the success of the Doha work programme and the realization of its core development agenda, which, if effectively pursued and implemented, could put in place important elements for achieving the Millennium Development Goal (MDG) [YUN 2001, p. 34] of "an open, equitable, rule-based, predictable and non-discriminatory multilateral trading system".

**UNCTAD consideration.** At its fiftieth session (Geneva, 6-17 October) [A/58/15], TD/B reviewed an UNCTAD secretariat paper on developments and issues in the post-Doha work programme of practical concern to developing countries: outcome of the Fifth WTO Ministerial Conference [TD/B/8/50/8]. Summarizing the Board’s discussion, the President highlighted the importance, in the post-Cancun phase, of concentrating on the Doha mandate, addressing the legitimate concerns of developing countries on new and complicated issues on which no consensus existed for new WTO disciplines, and addressing coherence and consistency between trade, financial, monetary and technological policies in support of development. Future negotiations should take into account the considerable adjustment and social costs for developing countries of the negotiations and implementation of their results. The special needs of LDCs should be adequately addressed, including binding duty-free and quota-free access for LDC products, along with improvements in preferential schemes and rules, the removal of non-tariff barriers and avoidance of safeguards and contingency measures on their products.

UNCTAD could provide a forum for consensus-building in negotiating areas for further treatment in WTO, and so contribute to putting the Doha work programme back on track. Equally important was the support provided by UNCTAD to countries in the accession process. The international community was called on to provide greater resources to UNCTAD so that it could play fully its trade and development role.

**GENERAL ASSEMBLY ACTION**

On 23 December [meeting 78], the General Assembly, on the recommendation of the Second (Economic and Financial) Committee [A/58/481/Add.1], adopted resolution 58/197 without vote [agenda item 91 (a)].

**International trade and development**

The General Assembly,

Recalling its resolutions 55/182 of 20 December 2000, 56/178 of 21 December 2001 and 57/255 of 20 December 2002 on international trade and development,

Reaffirming the role of the United Nations Conference on Trade and Development, held in Bangkok from 12 to 19 February 2000,

Recalling also the Plan of Action adopted at the tenth session of the United Nations Conference on Trade and Development, held in Monterrey, Mexico, from 18 to 22 March 2002, and the World Summit on Sustainable Development, held in Johannesburg, South Africa, from 26 August to 4 September 2002,

Recalling also its resolutions 57/250 of 20 December 2002 and 57/270 B of 23 June 2003, in which it invited the United Nations Conference on Trade and Development, as well as the Trade and Development Board, to contribute, within its mandate, to the implementation and to the review of the progress made in the implementation of the outcomes of the major United Nations conferences and summits and invited the President of the Trade and Development Board to present the outcomes of such reviews to the Economic and Social Council,

Taking note of the report of the Meeting of Eminent Persons on Commodity Issues, held in Geneva on 22 and 23 September 2003, and expressing appreciation for the work of the eminent persons,

Recalling that, to benefit fully from trade, which in many cases is the single most important external source of development financing, the establishment and the enhancement of appropriate institutions and policies in developing countries, as well as in countries with economies in transition, are needed and that, in this context, enhanced market access, balanced rules and well-targeted, sustainably financed technical assistance and capacity-building programmes for developing countries also play important roles,

Noting the significant contribution of the multilateral trading system to economic growth, development and employment and the importance of maintaining the process of reform and liberalization of trade poli-
cies, as well as the importance of rejecting the use of protectionism, so that the system plays its full part in promoting recovery, growth and development, in particular of developing countries, bearing in mind paragraph 10 of resolution 55/182.

Recognizing with concern that the benefits from global economic prosperity and trade liberalization have not fully accrued to all developing countries,

Recognizing that a number of developing countries have undertaken significant trade and investment liberalization unilaterally, regionally and/or multilaterally, both within and outside the context of structural adjustment programmes,

Reaffirming the urgency, subject to national legislation, of recognizing the rights of local and indigenous communities that are holders of traditional knowledge, innovations and practices, and, with the approval and involvement of the holders of such knowledge, innovations and practices, of developing and implementing benefit-sharing mechanisms on mutually-agreed terms for the use of such knowledge, innovations and practices,

Recognizing that countries must take appropriate and necessary security measures, but also underlining the importance of taking these measures in the manner that is least disruptive of normal trade and related practices,

Taking note of the in-depth review undertaken by the Trade and Development Board at its fiftieth session with respect to developments and issues in the post-Doha work programme of particular concern to developing countries, including the outcome of the Fifth Ministerial Conference of the World Trade Organization, held in Cancún, Mexico, from 10 to 14 September 2003, and its contribution to an understanding of the actions required to help developing countries secure beneficial and meaningful integration into the multilateral trading system and the global economy and to achieve a balanced, development-oriented and successful conclusion of the Doha negotiations,

Taking note also of the report of the Trade and Development Board and the report of the Secretary-General,

Noting the proposals made to implement the work programme of the World Trade Organization, including those to liberalize international agricultural and non-agricultural trade,

Underlining the development potential of a balanced outcome of the negotiations under the Doha work programme, which reflects the interests of all World Trade Organization members, particularly the developing countries,

1. Reaffirms the great importance of promoting the objectives set out in the United Nations Millennium Declaration of ensuring an open, equitable, rule-based, predictable and non-discriminatory multilateral trading system in pursuit of economic growth and development, fairness and a level playing field as well as human development and poverty eradication goals, and reiterates its commitment to achieving those objectives;

2. Reiterates the commitment made at the Fourth Ministerial Conference of the World Trade Organization, held in Doha from 9 to 14 November 2001, to place development at the heart of the Doha work programme and to continue to make positive efforts to ensure that developing countries, especially the least developed among them, secure a share in the growth of world trade commensurate with the needs of their economic development;

3. Expresses its concern about the insufficient progress in the Doha negotiations, especially in areas of interest to developing countries, as manifested, inter alia, by missed deadlines in relation to special and differential treatment, implementation-related issues and concerns and modalities for agricultural negotiations;

4. Also expresses its concern about the setback at the Fifth Ministerial Conference of the World Trade Organization, and stresses the importance of redoubling efforts in working towards a successful, timely and development-oriented conclusion of the Doha negotiations no later than 1 January 2005 as set out in the Ministerial Declaration of the Fourth Ministerial Conference of the World Trade Organization ("Doha Ministerial Declaration");

5. Further expresses its concern about the adverse consequences that the setback of the Fifth Ministerial Conference may have for the multilateral trading system, including a possible surge in protectionist measures;

6. Expresses its concern about the adoption of a number of unilateral actions that are not consistent with the rules of the World Trade Organization, harm the exports of all countries, in particular those of developing countries, and have a considerable bearing on the ongoing World Trade Organization negotiations and on the achievement and further enhancement of the development dimension of the trade negotiations;

7. Considers that the political will and commitment of World Trade Organization members to address the unresolved questions under the Doha work programme promptly and fully and to focus on the key development issues are essential for bringing the negotiations back on track;

8. Underscores the need for concerted political will and efforts to address the challenges of globalization, including by improving market access and market entry for the export products of particular interest to developing countries so that they can benefit more from the globalization process;

9. Recognizes that it is important for developing countries and countries with economies in transition to consider reducing trade barriers among themselves;

10. Stresses the importance of an open, transparent, inclusive and democratic process and of procedures for the effective functioning of the multilateral trading system that allow for internal transparency and the effective participation of members, including in the decision-making process, and that enable them to have their vital interests duly reflected in the outcome of trade negotiations;

11. Also stresses the need to place the interests and concerns of developing countries at the heart of the Doha work programme and to revive faith in it, and, in this regard, calls upon members of the World Trade Organization to engage in negotiations with a renewed sense of urgency and purpose and to redouble their efforts to achieve a successful outcome of the Doha work programme, including on the following issues of particular interest to the developing countries:

(a) The expeditious and appropriate resolution of outstanding implementation issues, consistent with paragraph 12 of the Doha Ministerial Declaration;
The completion of the review of all provisions relating to special and differential treatment with a view to strengthening them and making them more precise, effective and operational, recognizing the importance of paragraph 12.1 (i) of the decision on implementation-related issues and concerns of 14 November 2001, adopted by the Fourth Ministerial Conference of the World Trade Organization;

(c) Substantial improvements in market access, the reduction of, with a view to phasing out, all forms of export subsidies, substantial reductions in trade-distorting domestic support in agriculture and the expeditious adoption of appropriate modalities for reduction commitments in agriculture negotiations, with operationally effective special and differential treatment and non-trade concerns being taken into account, in accordance with paragraphs 13 and 14 of the Doha Ministerial Declaration;

(d) Abusive application of anti-dumping, sanitary and phytosanitary standards and other trade-distorting measures;

(e) The positive consideration of trade-related issues pertaining to the commodity sector in the multilateral trading system;

(f) An effective solution to address the problems reflected in the sectoral initiative in favour of cotton proposed by a group of African countries within the context of negotiations on agriculture under the Doha work programme;

(g) Negotiations on trade in services conducted with a view to promoting the economic growth of all trading partners and the development of developing countries and the least developed countries, without a priori exclusion of any service sector or mode of supply and with special attention given to sectors and modes of supply of export interest to developing countries, recognizing the work already undertaken in the negotiations and the large number of proposals submitted by members on a wide range of sectors and on several horizontal issues, as well as on the movement of natural persons;

(h) Appropriate modalities for reduction or elimination commitments in negotiations on market access for non-agricultural products, as provided for in paragraph 16 of the Doha Ministerial Declaration, in particular on products of export interest to developing countries, and taking into account the special needs and interests of developing and least developed country participants, including through less than full reciprocity in reduction commitments;

(i) The review of the Agreement on Trade-related Aspects of Intellectual Property Rights, taking fully into account its development dimension;

(j) In accordance with paragraph 16 of the Doha Ministerial Declaration, on market access for non-agricultural products, reduction or elimination of high tariffs, tariff peaks and tariff escalation, as well as non-tariff barriers, on those products, in particular on products of export interest to developing countries;

(k) The clarification and improvement of disciplines in the areas of anti-dumping, subsidies and countervailing measures, taking into account the needs of developing countries, including the least developed among them, while preserving the basic concepts, principles and effectiveness of those agreements and their instruments and objectives in non-agricultural market access;

(l) The examination, in the context of paragraphs 36 and 37 of the Doha Ministerial Declaration, of the relationship between trade, debt and finance and between trade and transfer of technology, and possible recommendations thereon, taking into account their development dimension;

(m) Making the World Trade Organization operations more transparent, including through more effective and prompt dissemination of information.

12. Recognizes the crucial role that the expeditious implementation of World Trade Organization agreements and improved World Trade Organization rules, reflective of the development dimension of the Doha Ministerial Declaration, can play with respect to the development opportunities of developing countries and their capacity to integrate into the global economy;

13. Takes note of the provisions of the Doha Ministerial Declaration with respect to the relationship between trade and investment, the interaction between trade and competition policy, transparency in government procurement and trade facilitation;

14. Reaffirms that agriculture remains a fundamental and key sector for the overwhelming majority of developing countries, and stresses the importance of a successful conclusion of the Doha work programme in this regard;

15. Also reaffirms the commitment to the full and faithful implementation of the Agreement on Textiles and Clothing, and calls for further progress in its implementation, which is a necessary and inherent condition of full implementation of the agreements arising from the Uruguay Round of Multilateral Trade Negotiations;

16. Further reaffirms that preferences granted to developing countries, pursuant to the "enabling clause", should be generalized, non-reciprocal and non-discriminatory;

17. Reaffirms the need for the implementation of paragraph 4 of the Marrakesh Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food-importing Developing Countries;

18. Welcomes the decision adopted by the General Council of the World Trade Organization on the implementation of paragraph 6 of the Doha Declaration on the Agreement on Trade-related Aspects of Intellectual Property Rights and Public Health to address the problems faced by countries with insufficient or no manufacturing capacity in the pharmaceutical sector in accessing medicines at affordable prices when combating serious public health problems afflicting many developing and least developed countries, especially those resulting from HIV/AIDS, tuberculosis, malaria and other epidemics, and invites all members to work towards an expeditious and permanent solution to the issue by, inter alia, amending the Agreement on Trade-related Aspects of Intellectual Property Rights within the agreed time frame, to ensure that the solution will be simple to use, sustainable, predictable and legally secure;

19. Emphasizes that bilateral and regional trade arrangements should contribute to the multilateral trading system, and in this context stresses the importance of clarifying and improving disciplines and proce-
dures under the existing provisions of the World Trade Organization applying to regional trade agreements in accordance with paragraph 29 of the Doha Ministerial Declaration, taking into account the implications of those agreements for development, and urges the United Nations Conference on Trade and Development, in accordance with its mandate, to provide technical inputs in this respect;

20. Reaffirms the commitments made at the Fourth Ministerial Conference of the World Trade Organization, and at the Third United Nations Conference on the Least Developed Countries, held in Brussels from 14 to 20 May 2001, in this regard calls upon developed countries that have not already done so to work towards the objective of duty-free, quota-free market access for all least developed country exports, and notes that the consideration of proposals for developing countries to contribute to improved market access for the least developed countries would also be helpful;

21. Stresses the importance of facilitating the accession of all developing countries, in particular the least developed countries, as well as countries with economies in transition, that apply for membership in the World Trade Organization, bearing in mind paragraph 21 of resolution 55/182 and subsequent developments, and calls for the effective and faithful application of the World Trade Organization guidelines on accession of the least developed countries;

22. Invites members of the international community to consider the interests of non-members of the World Trade Organization in the context of trade liberalization;

23. Reaffirms the commitment to actively pursue the work programme of the World Trade Organization with respect to addressing the trade-related issues and concerns affecting the fuller integration of countries with small, vulnerable economies into the multilateral trading system in a manner commensurate with their special circumstances and in support of their efforts towards sustainable development, in accordance with paragraph 35 of the Doha Ministerial Declaration;

24. Acknowledges the seriousness of the concerns expressed in the Almaty Programme of Action adopted at the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation, held in Almaty, Kazakhstan, on 28 and 29 August 2003, and stresses the need for the special problems and needs of landlocked developing countries, including those contained in paragraph 35 of the Programme of Action, as well as other relevant issues contained in the section on international trade and trade facilitation of the Programme of Action, to be effectively addressed by the relevant international organizations and donors in a multi-stakeholder approach;

25. Notes the health- and environment-related measures that have an impact on exports, stresses that the adoption or enforcement of any measures necessary to protect human, animal or plant life or health should not be applied in a manner that would constitute arbitrary or unjustified discrimination or a disguised restriction on international trade, and recognizes the importance of capacity-building support to enable developing countries to put in place measures that are appropriate and necessary for meeting standards consistent with those of the World Trade Organization;

26. Encourages the United Nations Conference on Trade and Development, the World Trade Organization, the World Bank, the United Nations Industrial Development Organization, the United Nations Development Programme and other relevant international organizations to continue to cooperate on trade-related capacity-building in developing countries, including, as appropriate, under the Integrated Framework for Trade-related Technical Assistance to Least Developed Countries and the Joint Integrated Technical Assistance Programme;

27. Requests the United Nations Conference on Trade and Development to continue its work, within its mandate, on trade-related issues and policies, from the development perspective, including its contribution to the Plan of Implementation of the World Summit on Sustainable Development ("Johannesburg Plan of Implementation"), and notes its work on development benchmarks of the international trading system and trade negotiations;

28. Reiterates the importance of supporting United Nations Conference on Trade and Development programmes of technical cooperation and capacity-building that assist developing countries, especially the least developed countries, countries with economies in transition and countries with small and vulnerable economies, in particular those programmes that support their participation in the Doha work programme, in accordance with the technical cooperation strategy of the United Nations Conference on Trade and Development;

29. Emphasizes the importance of and invites Member States to support the activities of the United Nations Conference on Trade and Development, and invites donors and other countries in a position to do so to continue to provide the United Nations Conference on Trade and Development with the resources necessary to effectively implement its technical cooperation activities by giving priority to longer-term sustainable activities, particularly through multi-year funding mechanisms and inter-divisional operations based on the thematic priorities set by the United Nations Conference on Trade and Development in its work programme;

30. Takes note of the substantive item of the provisional agenda of the eleventh session of the United Nations Conference on Trade and Development, to be held in São Paulo, Brazil, from 13 to 18 June 2004, entitled “Enhancing coherence between national development strategies and global economic processes towards economic growth and development, particularly of developing countries”, and in this context stresses the importance of the role and mandate of the United Nations Conference on Trade and Development;

31. Requests the Secretary-General of the United Nations, in collaboration with the secretariat of the United Nations Conference on Trade and Development, to report to the General Assembly at its fifty-ninth session on the implementation of the present resolution and on developments in the multilateral trading system under the sub-item entitled “International trade and development”. 
Trade policy

Trade in goods and services, and commodities

The Commission on Trade in Goods and Services, and Commodities, at its seventh session (Geneva, 3-6 February) [TD/B/EX(31)/4], had before it the following documentation: a note by the UNCTAD secretariat on export diversification, market access and competitiveness [TD/B/COM.1/54]; the 2002 report of the Expert Meeting on the Diversification of Production and Exports in Commodity-dependent Developing Countries, including Single-commodity Exporters, for Industrialization and Development, Taking into Account the Special Needs of LDCs [TD/B/COM.1/50] [YUN 2002, p. 939]; a note by the UNCTAD secretariat on trade in services and development implications [TD/B/COM.1/50]; the report of the Expert Meeting on Audiovisual Services: Improving Participation of Developing Countries [TD/B/COM.1/56] [YUN 2002, p. 939]; a note by the UNCTAD secretariat on trade, environment and development [TD/B/COM.1/52]; the report of the Expert Meeting on Environmental Requirements and International Trade [TD/B/COM.1/53] [YUN 2002, p. 939]; and a progress report on the implementation of agreed conclusions and recommendations, including the post-Doha follow-up [TD/B/COM.1/57].

In agreed recommendations of 6 February, the Commission called on UNCTAD to intensify its work and activities, particularly in the follow-up to the post-Doha work programme, taking into account the special needs of LDCs; to monitor the progress on the Doha work programme regularly from the point of view of development issues; and to provide substantive support to various WTO bodies.

The Commission recommended that UNCTAD continue its policy-oriented analysis and capacity-building activities and undertake work on: the impacts of multilateral negotiations and preferential arrangements, particularly with respect to the competitiveness of commodities produced and traded by developing countries; the distribution of value added along the supply chain for commodities of export interest to developing countries, and the opportunities for diversification of the commodity sector in developing countries; policy options for dealing with commodity market imbalances and their negative impact on development and disadvantaged groups; assistance to developing countries in formulating policies for diversifying their exports and increasing their competitiveness; assessing the service sectors in developing countries and improving statistics and data on services production and trade, identifying export opportunities in services sectors of interest to developing countries; identifying modalities to operationalize article IV in the context of the negotiations under the General Agreement on Trade in Services (GATS); analysing ways to facilitate exports of labour-intensive services through GATS mode 4 (temporary movement of natural persons), and assisting developing countries to strengthen their negotiating capacities, particularly in the GATS requests and offers process; exploring the possibility of creating a consultative group on environmental requirements and international trade; promoting the UNCTAD/Food and Agriculture Organization of the United Nations (FAO)/IFOAM (International Federation of Organic Agriculture Movements) Task Force on Harmonization and Equivalence in Organic Agriculture; facilitating access to scientific and technical advice on environmental, sanitary and phytosanitary measures and the impact of new technologies, particularly in the context of the UNCTAD Science and Technology Diplomacy Initiative; strengthening the Capacity-Building Task Force of the United Nations Environment Programme (UNEP)/UNCTAD, particularly in the post-Doha context; strengthening work under the BIOTRADE programme, in particular in the follow-up to partnerships launched at the World Summit on Sustainable Development [YUN 2002, p. 821], to promote trade, export diversification and investment in support of the sustainable use of biodiversity; continuing work on standard-setting and harmonization of environmental and health regulations, considering the development dimension; and analysing the trade investment implications of multilateral environmental agreements.

The Commission encouraged Governments to support UNCTAD’s work on commodities and its application in developing countries through the provision of extrabudgetary resources for expanded research, country-level activities and technical cooperation.

At its thirty-first executive session on 10 March [A/58/15], TDB took note of the Commission’s report and endorsed its recommendations.

Subsidiary bodies. In 2003, a number of expert meetings took place, all in Geneva, on issues to be considered by the Commission in 2004.

The Expert Meeting on Definitions and Dimensions of Environmental Goods and Services in Trade and Development (9-11 July) [TD/B/COM.1/59] had before it an UNCTAD background note on the subject [TD/B/COM.1/EM.2/2], which discussed definitions; trade; the WTO Doha work programme; and potential benefits for developing countries.

972 Economic and social questions

Trade in goods and services, and commodities

Trade policy

Trade in goods and services, and commodities

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The Meeting recommended action to be taken at the national level, including development of a list of environmental goods that reflected a country’s sustainable development and trade interests; the implementation of measures that translated environmental, human health and resource management needs into demand for environmental goods and services; and policy coordination aimed at the development of the various related sectors and trade liberalization. It requested the international community to, among other things, develop a list of environmental services classification and greater policy coherence between provisions on environmental goods and services in the trading system. UNCTAD should continue to assist developing countries in organizing national policy dialogues, and undertake studies to clarify issues related to the liberalization of trade in environmental services. It should also assist those countries to provide more environmentally preferable products through appropriate capacity-building activities.

The Expert Meeting on the Market Access Issues in Mode 4 (Movement of Natural Persons to Supply Services) and Effective Implementation of Article IV on Increasing the Participation of Developing Countries (29-31 July) [TD/B/COM.1/64] had before it an UNCTAD secretariat note [TD/B/COM.1/EM.22/2] on the subject.

The Expert Meeting invited UNCTAD to continue working in trade-related areas of the movement of natural persons. In particular, it should continue the dialogue on conceptual, policy, legal, institutional and administrative frameworks facilitating movement of natural persons to supply services; explore mechanisms for granting GATS visas and for expediting administrative services; help improve mode 4 statistics and strengthen the capacities of Governments in managing the trade agenda surrounding mode 4 issues; analyse national and regional experiences; and undertake studies and organize ad hoc expert meetings to discuss specific issues.

The Expert Meeting on Market Entry Conditions Affecting Competitiveness and Exports of Goods and Services of Developing Countries: Large Distribution Networks, Taking into Account the Special Needs of LDCs (3-5 November) [TD/B/COM.1/66] had before it an UNCTAD secretariat note on the subject [TD/B/COM.1/EM.23/2].

The Expert Meeting concluded that negotiations on distribution services were related to those on the other service sectors, and with agriculture and industry. It highlighted a number of issues to be explored in informing developing countries’ negotiations on distribution services, including the effect of the evolution of those services on small and medium-sized enterprises in developing countries; ways to enable developing countries to gain access to new distribution technologies; and how to help developing countries overcome the risks related to liberalization of distribution services through a safeguard mechanism. Participants agreed that UNCTAD would continue to investigate those questions and to provide developing countries with analytical inputs and technical assistance to enhance their ability to assess the challenges and opportunities in distribution services and participate effectively in WTO-related negotiations.

**Interdependence and global economic issues**

TDB, at its fiftieth session (Geneva, 6-17 October) [A/58/15], considered interdependence and global economic issues from a trade and development perspective: capital accumulation, economic growth and structural change. Participants agreed that short-term prospects for global growth, though more positive than suggested in the *Trade and Development Report, 2003* (Sales No. E.03.II.D.7), continued to be troubled by uncertainties and imbalances, with negative consequences for developing countries. They underlined the need for firm action by developed countries to stimulate growth and ensure a smooth and orderly rebalancing of the world economy. While a more favourable global environment was required to accelerate development, developing countries should engage in market-oriented reforms and the formulation of proactive monetary, financial and industrial policies. They should open to the world economy gradually and reduce their dependence on primary commodities. There was agreement about the need to resume multilateral trade negotiations as soon as possible, as further progress in reforming the international trading system was desirable for the entire international community. Developing countries in particular stressed the urgency of strengthening the development dimension in the multilateral trading system if globalization was to generate benefits for all countries. To put the Doha round of trade negotiations back on track, the particular needs and interests of developing countries, particularly in agriculture, should be taken into account. Developed countries were called upon to liberalize their trade regimes further, while developing countries were encouraged to open their markets increasingly to each other’s exports. Systematic efforts were also needed to achieve greater coherence between the international trading and financial systems.

There was also a need for an integrated approach to global economic governance and for concrete and sufficiently funded programmes to protect developing countries against the impact of exter-
nal shocks and to bridge the widening gap separating them from wealthier countries.

Trade promotion and facilitation

In 2003, UN bodies continued to assist developing countries and transition economies in promoting their exports and facilitating their integration into the multilateral trading system. The International Trade Centre was the main originator of technical cooperation projects in that area.

International Trade Centre

During 2003, the International Trade Centre (ITC), under the joint sponsorship of UNCTAD and WTO, increased its delivery of technical cooperation programmes by 19 per cent to $20.1 million from $16.9 million in 2002 [ITC/AG (XXXVII)/197].

ITC focused on positioning, performance and partnership. It consolidated its niche position in trade-related technical assistance by fostering and contributing specialized and business-oriented inputs to inter-agency consortiums, building field-level interventions around competitiveness enhancement tools and advocating the international competitiveness of the small and medium-sized enterprises sector in global initiatives. ITC’s Competitive Tool Kit was packaged into customized bundles relevant to specific needs, and was actively promoted through Competitiveness Tools Fairs. ITC’s Latin American and Caribbean programme expanded, while its Africa programme achieved modest growth. However, overall, the cooperation programme with LDCs declined, as did the programme covering Central and Eastern Europe and CIS countries.

Africa continued to be the region of focus, with the Joint ITC/UNCTAD/WTO Integrated Technical Assistance Programme in Selected Least-Developed and Other African Countries (JIATAP) entering its second phase. JIATAP’s focus continued to be on capacity-building within the public sector for WTO compliance and negotiations, and enhancing the private sector’s ability to respond competitively to the emerging multilateral trading system. However, ITC’s component was adjusted to highlight local design and implementation, with ITC providing support tools and related guidance. In collaboration with the Trade Facilitation Office Canada (TFOC), ITC launched the pilot phase of the multi-year Programme for Building African Capacity for Trade, in Ghana, Senegal, South Africa and the United Republic of Tanzania, which sought to have an impact on trade performance through the joint application of customized tools from ITC, TFOC and other sources. A subregional economic integration project for Central African States also became operational, with UNDP funding. ITC implemented national-level projects in the Gambia, Mauritania, Uganda and the United Republic of Tanzania, and carried out project design work in Burundi, Ethiopia, Guinea, Lesotho, Madagascar and Senegal.

In the Arab region, technical cooperation in Algeria and Mauritania focused on trade information and institution-strengthening and on banking and financial sector reform in Algeria. It also supported the competitiveness of specific export-oriented companies in Morocco. Other countries benefiting from its support included Djibouti, the United Arab Emirates and Yemen.

In Asia, ITC collaborated with UNCTAD in implementing a multilateral trading system–related project in Bangladesh and undertook programme development activities for large-scale, integrated projects in Pakistan, Sri Lanka and Viet Nam. National projects were designed in Cambodia and the Lao People’s Democratic Republic. The first phase of a regional trade promotion programme covering Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan was completed and follow-up national assistance projects approved. Export-led poverty reduction pilot projects became operational in Cambodia and in China’s Shaanxi Province.

In Eastern Europe, comprehensive technical cooperation projects were designed in Bulgaria, the Republic of Moldova and Romania, and programme activities undertaken in Serbia and Montenegro and the Russian Federation. A regional executive forum was organized in Sofia, Bulgaria, with the participation of strategy teams from Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Moldova, Romania, Serbia and Montenegro and Ukraine, in conjunction with Bulgarian institutions, to review strategic approaches to competitiveness enhancement and export development, identify technical cooperation needs and broaden ITC partnerships.

In Latin America and the Caribbean, where its presence had been limited, ITC’s priority objective in 2003 was to increase its involvement in the region. In its only large-scale national project, in Bolivia, emphasis was placed on upgrading the export support programmes of public and private sector trade support institutions and on developing the management competencies of participating enterprises. In Haiti, it completed a project covering the legal aspects of trade, institutional support to the Ministry of Trade and Industry and the assessment of export potential. Elsewhere in the region, assistance was provided to Cuba and El Salvador to prepare for changes in...
global trade in textiles and clothing, and to strategy teams in Jamaica and Saint Lucia piloting ITC’s strategy process tool, the National Export Strategy Template. Technical cooperation in trade support network building was provided to Brazil, Panama and Venezuela, and in the development of information technology exports to Cuba. The TradeMap and ProductMap programmes were launched in Cuba and Guatemala, together with market analysis and associated capacity-building activities, while the E-Trade Bridge Programme ITC supported Ecuador and El Salvador, with which, with Bolivia and Brazil, launched initiatives under ITC’s Export-led Poverty Reduction Programme.

JAG action. The ITC Joint Advisory Group (JAG) held its thirty-sixth session in Geneva from 28 April to 2 May [ITC/AG(XXXVI)/193]. It had before it reports on ITC activities in 2002 [YUN 2002, p. 940] and technical cooperation projects in 2002 [ITC/AG(XXXVII)/193/Add.12] and the report of the ITC Global Trust Fund’s Consultative Committee [ITC/AG(XXXVII)/194].

The Group endorsed ITC’s planned strategy to maintain focus on areas where it had been successful and welcomed its readiness to venture into new areas. It also endorsed the ITC plan to increase support to the building of public-private sector partnerships and to strengthening business advocacy. It was suggested that ITC establish a special division devoted entirely to the development and management of technical cooperation for the economies in transition, in recognition of the growing importance of those activities in the ITC work programme. In terms of ITC’s response to UN issues of common concern—poverty reduction, gender, the environment and technical cooperation among developing countries—the Group noted that ITC’s Export-led Poverty Reduction Programme was well under way, and suggested that increased attention be paid to the other areas of concern. Noting the value of ITC’s work in sectoral and national export strategy, representatives encouraged ITC to continue its work with a view to becoming the lead reference centre in strategy design and management. The Group recommended that ITC should take a medium-term approach to technical assistance, irrespective of the programme, and emphasized the importance of ITC ensuring that resources were available to maintain field-level support once initial interventions had been completed. It generally endorsed the ITC strategy for growth, based on the three principles outlined by the Executive Director: remaining focused on what it did best; continuing to innovate technical assistance approaches and programmes; and working towards greater field-level impact. The Group urged ITC to continue to measure its performance in terms of quality of contribution and impact, rather than in terms of number of activities.

The Group endorsed a proposal for an independent, external evaluation of ITC.

Pledges of trust fund contributions to ITC were announced by Canada, Denmark, Finland, France, India, Ireland, Italy, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the United States.

TDB, at its thirty-first executive session on 10 March, adopted a decision [A/57/15/Add.2], in which it took the view that JAG documentation should be issued in all six official languages. It recommended that the General Assembly consider the proposal.

In resolution 57/312 of 18 June (see below), the Assembly requested the Secretary-General to provide for documentation services in Arabic and Chinese for JAG in the proposed programme budget for the 2004-2005 biennium.

ITC administrative arrangements

In accordance with arrangements approved by the General Assembly in resolution 53/411 B [YUN 1998, p. 888], the Secretary-General, in March, submitted an outline of the proposed programme budget for ITC for the 2004-2005 biennium [A/57/761], which contained the ITC budget for the first year of activities for the biennium and a projection of requirements for the second year. Requirements, expressed in Swiss francs (SwF) at 2004-2005 rates, were estimated at SwF 33,126,300 for 2004 and SwF 33,523,500 for 2005. Since SwF 347,500 from various sources would be available to ITC annually, the annual contribution of each organization (the United Nations and WTO) was estimated at SwF 16,589,400 for 2004 and SwF 16,588,000 for 2005.

Having considered the Secretary-General’s report, the Advisory Committee on Administrative and Budgetary Questions (ACABQ), in May [A/57/7/Add.26], recommended that the Assembly take note of the resources proposed in the ITC budget outline.

GENERAL ASSEMBLY ACTION

On 18 June (meeting 90), the General Assembly, on the recommendation of the Fifth (Administrative and Budgetary) Committee [A/57/6/Add.2], adopted resolution 57/312 without vote [agenda item 112].

Outline of the proposed programme budget for the biennium 2004-2005 for the International Trade Centre UNCTAD/WTO

The General Assembly

1. Takes note of the report of the Secretary-General on the outline of the proposed programme budget for
the biennium 2004-2005 for the International Trade Centre UNCTAD/WTO, and concurs with the observations and recommendations of the Advisory Committee on Administrative and Budgetary Questions therein;

2. Requests the Secretary-General to provide for documentation services in Arabic and Chinese for the Joint Advisory Group of the International Trade Centre UNCTAD/WTO in the proposed programme budget of the Centre for the biennium 2004-2005;

3. Recalls its decision 57/522 of 20 December 2002, and requests the Secretary-General to initiate consultations with the International Trade Centre UNCTAD/ WTO and the World Trade Organization for a joint review of the administrative arrangements for the Centre and to submit a report thereon to the General Assembly at its fifty-eighth session;


ACABQ, having considered the proposed programme budget for 2004-2005 for ITC [A/58/6 (sect. 13)/Add.1], recommended, in its October report [A/58/7/Add.7], that the resources for ITC be reduced by SwF 26,000 to an amount of SwF 64,268,400 for the biennium.

The Assembly, in resolution 58/272, section XII of 23 December (see p. 149), approved an amount of $23,472,200 for the 2004-2005 biennium.

Enterprise, business facilitation and development

The Commission on Enterprise, Business Facilitation and Development, at its seventh session (Geneva, 24-27 February) [TD/B/EX(31)/5], had before it an UNCTAD secretariat report on improving the competitiveness of small and medium-sized enterprises (SMEs) through enhancing productive capacity [TD/B/COM.3/98 & Corr.1 & Add.1], a background paper on developments and main issues in e-commerce and information and communication technologies (ICT) [TD/B/COM.3/49], an UNCTAD secretariat note on efficient transport and trade facilitation to improve participation by developing countries in international trade [TD/B/COM.3/55] and a progress report on the implementation of the Commission’s agreed conclusions and recommendations at its sixth session [YUN 2002, p. 942], including post-Doha follow-up [TD/B/COM.3/54]. It also had before it a number of reports of expert meetings held in 2002 [YUN 2002, p. 943].

In agreed recommendations, the Commission requested UNCTAD, in order to improve coherence between macroeconomic and microeconomic policies, to disseminate as widely as possible its findings on the main components of proactive competitiveness policies, as contained in the issues paper on improving the competitive-
pacity of developing countries to formulate adequate strategies to promote the adoption of ICT, e-business and e-commerce practices by their enterprises and to participate in relevant international discussions. UNCTAD should analyse issues related to the measurement and benchmarking of e-commerce and of the use of ICT by enterprises, and help developing countries to develop indicators and data on e-commerce. As the UN focal point for trade and development, it should continue to make a substantive contribution to the outcome of and follow-up to the World Summit on Sustainable Development [YUN 2002, p. 821].

At its thirty-first executive session in March [A/58/15], TDB took note of the Commission’s report and endorsed its recommendations.

**Subsidiary bodies.** In 2003, a number of expert meetings took place, all in Geneva, on issues to be considered by the Commission in 2004.

The Expert Meeting on Measuring Electronic Commerce as an Instrument for the Development of the Digital Economy (8-10 September) [TD/B/COM.3/6/1] had before it an UNCTAD secretariat background paper on the subject [TD/B/COM.3/EM.19/2]. The meeting suggested that UNCTAD continue providing forums for experts to further develop conceptual and methodological work on information economy statistics and share best practices. A proposal was made on a set of core indicators for ICT measurement that could be collected by all countries; they would focus on e-readiness and usage indicators for businesses and households. Experts considered that working towards a basic set of core indicators would be the starting point for the creation of an international database on ICT and e-business statistics and would be a desirable objective for future work. They also considered that UNCTAD should assist developing countries to develop their national e-measurement strategies and share models of some specific national/regional surveys on ICT and e-commerce.

The Expert Meeting on the Development of Multimodal Transport and Logistic Services (24-26 September) [TD/B/COM.3/59 & Corr.1] had before it an UNCTAD secretariat paper on the subject [TD/B/COM.3/EM.20/2]. The experts agreed that access to logistics and multimodal transport services was crucial to competitiveness in a globalized economy and many developing countries, especially small island, landlocked and least developed ones, had limited access to those services. To prevent the persistent exclusion of those countries from global production processes, a concerted effort by national Governments and international organizations was needed. UNCTAD, in cooperation with other organizations and developing countries’ regional and subregional organizations, was called on to put in place mechanisms to support developing countries’ endeavours to participate in and fully benefit from opportunities offered by modern multimodal transport and logistic services. That was considered a crucial element of a coherent strategy for integrating developing countries into the world economy and enhancing a trade-based development process.

**Commodities**

A joint UNCTAD/DESA report on the world economic situation and prospects [Sales No. E.04.II.C.2] stated that commodity prices improved slightly in 2003, with non-fuel commodity prices increasing by 5.8 per cent in nominal dollar terms over the first 10 months of the year. Over the first three quarters of the year, the UNCTAD combined index for minerals and metals rose by 7.4 per cent and for agricultural raw materials by 11.4 per cent. In contrast, the food index fell by 10 per cent. The recovery largely reflected the weakening of the dollar. However, the economic upturn in major developed economies in the second half of the year and continued high growth of Chinese demand also influenced raw material prices.

**Meeting of eminent persons on commodity issues.** Pursuant to General Assembly resolution 57/236 [YUN 2002, p. 945], the UNCTAD Secretary-General established a group of eminent persons to examine and report on commodity issues. The report of the group’s meeting (Geneva, 22-23 September) [TD/B/50/11] contained recommendations for improving the conditions in commodity markets and for alleviating the poverty of many commodity producers.

TDB, at its fiftieth session (6-17 October) [A/58/15], took note of the group’s report and transmitted it to the Assembly for consideration.

The report, which the Secretary-General transmitted to the Assembly by a 2 October note [A/58/40], stated that there was a wide range of actions for improving the conditions on the commodity markets and alleviating the poverty of many commodity producers, including through better crop management systems. The group made short-, medium- and long-term recommendations, drawing particular attention to those for enhanced, equitable and predictable market access for commodities of key importance to developing countries; addressing the problems of oversupply for many commodities; making compensatory financing schemes user-friendly and operational; strengthening capacity and institutions; and pursuing the possibilities for creating a new international diversification fund.
Open-ended panel on commodities

GENERAL ASSEMBLY ACTION

On 16 October [meeting 34], the General Assembly adopted resolution 58/2 [draft: A/58/L.11] without vote [agenda item 12].

Open-ended panel of the General Assembly on commodities

The General Assembly,

Recalling its resolution 57/236 of 20 December 2002,

1. Decides to convene an open-ended panel of the General Assembly on commodities, to be chaired by the President of the General Assembly, with a maximum of six panelists from among the independent eminent persons and lead discussants, on 27 October 2003, from 3 to 5 p.m.;

2. Also decides that the President of the General Assembly will present a summary of the discussions of the open-ended panel at the beginning of the debate in the Second Committee on the item dealing with commodities.

Summary of discussions. As requested in resolution 58/2, the Assembly President, in a 2 December note [A/58/65], presented a summary of the discussions of the Assembly’s open-ended panel on commodities, which took place on 27 October. The panelists emphasized the long-standing dependence of numerous developing countries on a few commodities for a major part of their income and export earnings. For them, the performance of commodities markets had a major impact on their macroeconomic stability, capacity to meet foreign debt obligations, balance-of-payments performance, success in poverty reduction and overall sustainable development efforts.

Panellists and participants identified a number of macroeconomic patterns of central importance requiring renewed attention by the international community and raised a number of pertinent “new” matters, together with comments/issues raised during the discussions. They emphasized that developing countries alone could not solve the problems in commodities markets arising from defects in the global market. A viable and long-term solution required action by individual countries, as well as joint action by consumers and producers of commodities from developing and developed countries.

Suggestions for future action included calls for the resumption of the Doha negotiations, giving special attention to negotiations on cotton and other commodities; the International Monetary Fund (IMF) should consider the connection between structural adjustment programmes and commodities and the importance of well-functioning compensatory finance systems; UNCTAD, at its eleventh (2004) session, should consider the need to enhance capacity-building initiatives, establish new multi-stakeholder partnerships on commodities and examine the interrelationship between national development and the global market in detail; commodity-dependency matters should be considered in the implementation of the MDGs; and the United Nations Global Compact [YUN 2000, p. 989] and individual commodity firms and their trade associations should incorporate a commodity focus into ongoing corporate social responsibility efforts.

GENERAL ASSEMBLY ACTION

On 23 December [meeting 78], the General Assembly, on the recommendation of the Second Committee [A/58/481/Add.6], adopted resolution 58/204 without vote [agenda item 91 (g)].

Commodities

The General Assembly,

Recalling its resolution 57/236 of 20 December 2002, and stressing the urgent need to ensure its full implementation,

Recalling also the United Nations Millennium Declaration adopted by heads of State and Government on 8 September 2000,

Taking note of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 and the Least Developed Countries Report, 2002,

Taking note also of the Ministerial Declaration of the Fourth Ministerial Conference of the World Trade Organization, held at Doha from 9 to 14 November 2001,

Taking note further of the Monterrey Consensus of the International Conference on Financing for Development,

Taking note of the targets set out in the Rome Declaration on World Food Security and the Plan of Action of the World Food Summit and the outcome document of the World Food Summit; five years later, which reaffirms the pledge to end hunger,

Taking note also of the Plan of Implementation of the World Summit on Sustainable Development (“Johannesburg Plan of Implementation”),

Taking note further of the report of the Trade and Development Board on its fiftieth session and the report of the Secretary-General of the United Nations Conference on Trade and Development on world commodity trends and prospects, containing recommendations for specific actions relating to the particular needs and problems of commodity-dependent developing countries,

Mindful of the opportunity that the eleventh session of the United Nations Conference on Trade and Development, to be held in São Paulo, Brazil, from 15 to 18 June 2004, will offer for the further consideration of proposals to address commodity issues within the framework of the links among trade, investment and finance,

Mindful also that, in 2004, the International Monetary Fund will review its role in assisting low-income countries over the medium term,

Taking note of the summary by the President of the General Assembly of the open-ended panel of the Assembly on commodities,
1. Takes note of the report of the Meeting of Eminent Persons on Commodity Issues, held at Geneva on 22 and 23 September 2003, and expresses appreciation for the work of the eminent persons;
2. Emphasizes the need for efforts by the developing countries that are heavily dependent on primary commodities to continue to promote a domestic policy and an institutional environment that encourage diversification and liberalization of the trade and export sectors and enhance competitiveness;
3. Encourages donor Governments and organizations to increase their financial and technical support for activities aimed at addressing commodity issues, in particular the needs and problems of commodity-dependent developing countries;
4. Stresses the importance of a speedy resumption and successful conclusion of the work programme adopted at the Fourth Ministerial Conference of the World Trade Organization, taking into account the needs of the commodity-dependent developing countries;
5. Invites the United Nations Conference on Trade and Development and other relevant bodies and organs of the United Nations system to continue to mainstream and accord high priority to programmes on commodity-related issues within their respective mandates;
6. Welcomes regular consideration of commodity issues by the Trade and Development Board of the United Nations Conference on Trade and Development;
7. Invites non-governmental organizations, civil society and the private sector to initiate programmes of assistance and other innovative initiatives in support of commodity-dependent developing countries;
8. Notes the relevance of appropriate governing bodies in the United Nations system and to international commodity bodies of the report of the Meeting of Eminent Persons on Commodity Issues, as well as the summary of discussions in the Trade and Development Board and the Second Committee of the General Assembly, which highlight the importance of finding lasting solutions to the problems faced by commodity-dependent developing countries in their pursuit of the internationally agreed development goals, including those contained in the United Nations Millennium Declaration;
9. Urges Governments and invites international financial institutions to continue to assess the effectiveness, including the operationalization and user-friendliness, of the systems for compensatory financing of export-earnings shortfalls, and in this regard stresses the importance of empowering developing-country commodity producers to assume themselves against risk, including natural disasters;
10. Invites donor countries and development partners to support the efforts of commodity-dependent developing countries to add value to their products, and reiterates the importance of making progress on the Doha work programme to ensure the sustainability of those efforts;
11. Requests the Secretary-General to undertake further open and transparent discussions with all relevant stakeholders on enhancing the impact of the set of existing instruments to support commodity-dependent developing countries in their efforts to diversify their exports, overcome supply-side constraints, strengthen institutions and build knowledge and technical capacity;
12. Calls upon the United Nations Conference on Trade and Development and invites other relevant bodies and organs of the United Nations system, as well as other relevant international organizations, to strengthen coherently and within their respective mandates their capacity-building and technical cooperation activities in the fields of policy design and implementation, institution-building, management and utilization of commodity revenues, management of price risk and improvement of supply capacities, including the ability to satisfy quality and other requirements for market entry, and to enhance activities aimed at South-South cooperation in the field of commodities, share experiences and identify best practices for dealing with oversupply situations;
13. Invites the United Nations Conference on Trade and Development and all relevant international organizations to continue to analyse trends in commodities and their impact on the development of commodity-dependent developing countries, including on debt sustainability;
14. Invites the United Nations Conference on Trade and Development, the Common Fund for Commodities and all other relevant organizations to provide useful, timely, accurate, comprehensive and user-friendly information and analysis on commodities and to enable the use of this information by commodity-dependent developing countries;
15. Requests the Department of Public Information of the Secretariat to undertake, within existing budgetary resources, initiatives and activities to raise awareness of the commodities issue and keep it a high priority of Governments, the international community, media, academia and all other relevant stakeholders;
16. Requests the Secretary-General to submit to the General Assembly at its fifty-ninth session a report on the implementation of the present resolution, taking into account the provisions of Assembly resolution 57/236.

Individual commodities

Olive oil and table olives. The International Olive Council (23-25 June) extended the International Agreement on Olive Oil and Table Olives, 1986, as amended and extended, 1993 [YUN 1993, p. 760], until 31 December 2004, with effect from 1 July 2003. It also extended until 31 December 2003 the time limit for the deposit of the instrument of accession by Iran. In 2003, the Libyan Arab Jamahiriya acceded to the Agreement, bringing the number of parties to 15.

Coffee. As at 31 December, the International Coffee Agreement 2001 [YUN 2000, p. 905] had 35 signatories and 55 parties. During the year, Benin, Ethiopia, Guatemala, Guinea, Malawi, Portugal, Togo and Zambia became parties. On 21 May, the International Coffee Council extended to 31 May 2004 the time limit for the deposit of instruments of ratification, acceptance,
approval or accession and of instruments of ratification, acceptance or approval by States applying the Agreement provisionally.

Cocoa. As at 31 December, the International Cocoa Agreement, 2001 [YUN 2001, p. 880] had 11 signatories and 12 parties. During the year, the Dominican Republic and Papua New Guinea signed the Agreement, while Cameroon, Ecuador, Gabon, Ghana, Nigeria, Slovakia and Switzerland became parties. At meetings in March, June and September, the International Cocoa Council extended until 30 September 2010 the period for signing the Agreement, and the time limit for the deposit of instruments of ratification, acceptance or approval. It also agreed that the Agreement would enter into force provisionally on 1 October 2003.

Common Fund for Commodities

The 1980 Agreement establishing the Common Fund for Commodities [YUN 1980, p. 621], a mechanism intended to stabilize the commodities market by helping to finance buffer stocks of specific commodities, as well as commodity development activities such as research and marketing, had entered into force in 1989 and the Fund became operational later that year.

As at 31 December 2003, the number of parties to the Agreement stood at 110.

Finance

Financial policy

The World Economic and Social Survey 2003 [Sales No. E.03.II.C.1] stated that the immediate reaction to the economic slowdown in 2001 was substantial reductions in policy interest rates in developed countries. Inflation was not seen as a major threat in the majority of developed countries and low interest rates were maintained in most countries throughout the year and into early 2003. Some central banks, notably the Federal Reserve of the United States, brought interest rates to unusually low levels. The inflation-targeting rule followed by the European Central Bank until early 2003 delayed its cuts in policy interest rates until March. At the same time, it changed its inflation objective of 2 per cent from a ceiling to a target, allowing greater flexibility in its monetary policy. In several countries in Eastern Europe, interest rates were reduced in 2002, primarily to dampen any appreciation of the exchange rate so as to maintain competitiveness.

Most countries had less scope for expansionary fiscal policies because of the size of their fiscal deficits. The major exception was the United States, where increased central government expenditures and reduced taxation in 2002 produced a sizeable fiscal stimulus and a growing fiscal deficit. In Western Europe, fiscal policy was slightly expansionary in 2002, although some countries were under pressure to meet the 3 per cent deficit ceiling of the Stability and Growth Pact. Japan was in a difficult financial position and any further sizeable fiscal stimulus would risk damaging economic confidence. Many developing countries and some economies in transition improved their fiscal positions in the 1990s, but deficits remained a problem. China and most economies in East Asia were able to use monetary and fiscal instruments in the appropriate counter-cyclical manner during the period of slow growth. In contrast, most economies in Africa and Latin America had to give priority to addressing their macroeconomic imbalances, which usually required using their macroeconomic policy instruments in a restrictive, currently pro-cyclical manner, rather than as a means of offsetting sluggish conditions.

A joint DESA/UNCTAD report on the world economic situation and prospects [Sales No. E.04.II.C.2], based on information available as at 30 November, stated that, with economic recovery continuing, macroeconomic policy in many economies, particularly the largest, was accommodating or stimulatory, but was expected to shift to neutral. A three-year phase of global monetary easing was about to end, to be replaced by a phase of tightening. Since late 2000, the central banks in a majority of economies had been reducing interest rates to alleviate the adverse effects of the cyclical downturn, to stabilize financial markets amidst plummeting equity markets and exogenous shocks, and to stimulate demand. Interest rates were further reduced in 2003, particularly during the period of heightened uncertainties associated with the possibility of war in Iraq and the outbreak of the SARS virus. The central banks in a few developed economies had already started tightening monetary policy and, as the recovery strengthened further, central banks in other major developed countries were expected to raise interest rates, probably in the second half of 2004.

Fiscal policy actions were much less homogeneous across countries. Some economies, such as the United States and a number of Asian countries, adopted sizeable stimuli, but the policy stance in many other economies was only modestly stimulatory or neutral, while a third group of economies adhered to restrictive fiscal policies. It was suggested that policy makers might
consider whether rule-based policies, such as the inflation-targeting mechanism adopted by a growing number of economies in recent years, were too rigid to respond effectively to shocks, particularly in an economic downturn.

Among developing countries, the key questions were whether the conditionalities associated with the programmes of the international financial institutions were pro-cyclical, leading to unnecessary losses in output and employment, and how to enhance macroeconomic management for those developing countries facing global economic integration.

Financial flows

The joint DESA/UNCTAD report on the world economic situation and prospects [Sales No. E.04.I.C.2] stated that the net transfer of financial resources from developing countries in 2003 was similar in magnitude to that in 2002, when it reached a peak of $192 billion. There was also a net outward financial transfer from economies in transition in 2003. Among the financial components of the net transfer were an increase in capital transfers, one of the main components and an increase in foreign exchange reserves by others, particularly those with large trade surpluses. At the regional level, Latin America experienced an increase in exports and a deceleration in the decline in imports, but that was not enough to reverse the large net outward transfer. Likewise, the large net transfer from East Asia resulting from its strong export growth continued in 2003.

In terms of inflows, developing countries received an estimated $95 billion in net capital flows in 2003, a modest increase from 2002, in the form of foreign direct investment (FDI), official loans and grants. However, FDI in developing countries did not rebound from the decline of 2002. FDI flows to Latin America continued to decrease, while those to Africa rose. A small increase in FDI to Eastern and Southern Asia was largely due to record flows to China. FDI in transition economies remained strong. Official financial flows reflected a mix of reduced anti-crisis multilateral lending, especially by IMF, and increased aid flows. Major disbursements in 2003 were made to Argentina, Brazil and Turkey.

International financial system

Report of Secretary-General. In response to General Assembly resolution 57/241 [YUN 2002, p. 949], the Secretary-General submitted a 16 September report on the international financial system and development [A/58/369]. He highlighted recent developments in the international financial system that had special relevance to development, provided estimates of the mainly negative net transfer of financial resources of groups of developing countries in 2002 and updated developments in international financial reform. The issues highlighted in the report were among those discussed in the Secretary-General’s report prepared for the High-level Dialogue on Financing for Development [A/58/216] (see p. 988). Specific conclusions and recommendations on relevant issues were addressed in that report.

IMF/World Bank Development Committee.
The joint IMF/World Bank Development Committee, in a communiqué issued following its meeting on 22 September (Dubai, United Arab Emirates), renewed its commitment to achieving the MDGs and to continuing its work on implementing the strategies, partnerships and actions agreed at the Fifth WTO Ministerial Meeting (see p. 1533), the International Conference on Financing for Development [YUN 2002, p. 953] and the United Nations General Assembly resolution 57/241 of 20 December 2002, in which it endorsed the Monterrey Consensus (ibid., p. 821). It agreed on the urgent need to intensify efforts if the MDGs were to be met, with enhanced concerted actions by developing and developed countries and international institutions.

GENERAL ASSEMBLY ACTION

On 23 December [meeting 78], the General Assembly, on the recommendation of the Second Committee [A/58/481/Add.4], adopted resolution 58/202 without vote [agenda item 91 (d)].

International financial system and development

The General Assembly,

Recalling its resolutions 55/186 of 20 December 2000 and 56/181 of 21 December 2001, both entitled “Towards a strengthened and stable international financial architecture responsive to the priorities of growth and development, especially in developing countries, and to the promotion of economic and social equity”, as well as its resolution 57/241 of 20 December 2002,


Emphasizing that the international financial system should support sustainable development, sustained economic growth and poverty reduction while allowing for the coherent mobilization of all sources of financing for development, including the mobilization of domestic resources, international investment flows, official development assistance, external debt relief and an open, equitable, rule-based, predictable and non-discriminatory global trading system,
Reiterating that success in meeting the objectives of development and poverty eradication depends on good governance within each country and at the international level, and stressing that sound economic policies, solid democratic institutions responsive to the needs of the people and improved infrastructure are the basis for sustained economic growth, poverty eradication and employment creation,

Reiterating also the need to strengthen the leadership role of the United Nations in promoting development,

Welcoming the growing interaction between the United Nations and the international financial and trade institutions, consistent with the relevant provisions of the Charter of the United Nations and in accordance with related agreements,

Encouraging further progress on the issue of participation of developing countries in international economic decision-making and norm-setting processes, including those of the Bretton Woods institutions and other economic and financial institutions and ad hoc groupings, while welcoming the steps that have been taken with a view to strengthening the capacity of developing countries to participate effectively in the international financial institutions,

Recognizing the urgent need to enhance the coherence, consistency of the international monetary, financial and trading systems, and the importance of ensuring their openness, fairness and inclusiveness in order to complement national development efforts to ensure sustained economic growth and the achievement of the internationally agreed development goals, including those contained in the Millennium Declaration,

1. Takes note of the report of the Secretary-General;

2. Recognizes the increasing initial signs that economic activity is gradually strengthening in many economies, while noting with concern the unevenness of the recovery of the global economy, which challenges efforts of developing countries to eradicate poverty and ensure sustained economic growth, and stresses the importance of cooperative efforts by all countries and institutions to cope with risks of financial instability and ensure a strong and steady recovery;

3. Invites developed countries, in particular major industrialized economies, to take into account the effect of their macroeconomic policies on international growth and development;

4. Recognizes the concern about the fact that in 2002 developing countries as a whole made net outward transfers of financial resources for the sixth consecutive year, and underscores the need for measures, as appropriate, at the national and international levels to address this issue, while taking note of the efforts that have been made thus far to this end and of the fact that for some developing countries those transfers, at the present time, indicate positive developments in the trade balance, which are required, inter alia, for debt repayment and which allow for the purchase of foreign assets;

5. Underlines the importance of adopting effective measures, including new financial mechanisms, as appropriate, to support the efforts of developing countries to achieve sustained economic growth, sustainable development, poverty reduction and the strengthening of their democratic systems, while reaffirming that each country has primary responsibility for its own economic and social development and that national policies have the leading role in the development process;

6. Stresses the importance of strong domestic institutions to promote business activities and financial stability for the achievement of growth and development, inter alia, through sound macroeconomic policies and policies aimed at strengthening the regulatory systems of the corporate, financial and banking sectors, and also stresses that international cooperation initiatives in those areas should encourage flows of capital to developing countries;

7. Underlines the importance of promoting international financial stability and sustainable growth, and welcomes the efforts undertaken to this end by the International Monetary Fund and the Financial Stability Forum, as well as the International Monetary and Financial Committee’s consideration of ways to sharpen tools designed to promote international financial stability and enhance crisis prevention, including through an even-handed implementation of surveillance and a sharpening of surveillance on capital markets and systemically and regionally important countries, with a view, inter alia, to early identification of problems and risks and the fostering of appropriate policy responses; the provision of adequate precautionary support to deal with external crises; and further improvements in the transparency of macroeconomic data and statistical information on international capital flows;

8. Reiterates in this regard that measures to mitigate the impact of excessive volatility of short-term capital flows and to improve transparency of and information about financial flows are important and must be considered;

9. Notes the impact of financial crises and risks of contagion on developing countries and countries with economies in transition, regardless of their size, and underlines the need to ensure that the international financial institutions, including the International Monetary Fund, have a suitable array of financial facilities and resources to respond in a timely and appropriate way, in accordance with their policies, to such crises;

10. Notes also the importance of advancing current efforts to reform the international financial architecture, as envisaged in the Monterrey Consensus, emphasizes that those efforts need to include the effective participation of developing countries and countries with economies in transition, and in this regard encourages the International Monetary Fund and the World Bank to continue examining the issues of the voice and effective participation of those countries, as provided for in the communiqués of the International Monetary and Financial Committee and the Development Committee at their last meetings, held in Dubai, United Arab Emirates, on 21 and 22 September 2003, and looks forward to the consideration of a road map on the issue at their next meeting, in April 2004;

11.Welcomes the ongoing work of the International Monetary Fund on quotas, and notes the conclusion, inter alia, of the Fund’s Twelfth General Review of Quotas, the report on which indicated the adequacy of the current level of Fund resources and the intention of the Executive Board, during the period of the Thirteenth General Review, to monitor closely and assess the adequacy of Fund resources, to consider measures to achieve a
distribution of quotas that reflects developments in the world economy and to consider measures to strengthen the governance of the Fund;

12. Emphasizes that it is essential to ensure the effective and equitable participation of developing countries in the formulation of financial standards and codes, and underscores the need to ensure their implementation, on a voluntary and progressive basis, as a contribution to reducing vulnerability to financial crisis and contagion;

13. Invites the multilateral and regional development banks and development funds to continue to play a vital role in serving the development needs of developing countries and countries with economies in transition, including through coordinated action, as appropriate, and stresses that strengthened regional development banks and subregional financial institutions add flexible financial support to national and regional development efforts, enhancing their ownership and overall efficiency, and are an essential source of knowledge and expertise for their developing country members;

14. Calls upon multilateral financial institutions, in providing policy advice and financial support to member countries, to work on the basis of nationally owned reform and development strategies, to pay due regard to the special needs and implementing capacities of developing countries and countries with economies in transition and to minimize the negative impacts of the adjustment programmes on the vulnerable segments of society, while taking into account the importance of gender-sensitive employment and poverty eradication policies and strategies;

15. Reiterates the importance of the orderly resolution of sovereign debt crises, notes the increasing voluntary use of collective action clauses in international sovereign bonds, and takes note of the efforts led by sovereign debtors and private creditors to develop a voluntary code of conduct for the resolution of sovereign debt crises;

16. Encourages the efforts, including those of the Bretton Woods institutions, to improve the assessment of debt sustainability in low- and middle-income countries through, inter alia, the development of better tools to deal with exogenous shocks and the need to take country-specific factors into account;

17. Also encourages the consideration of proposals to generate innovative public and private mechanisms for financing development, without unduly burdening developing countries, and the study, in the appropriate forums, of the results of the analysis requested from the Secretary-General on possible innovative sources of finance, taking note of the proposal to use special drawing rights allocations for development purposes, bearing in mind that any assessment of special drawing rights allocations must respect the Articles of Agreement of the International Monetary Fund and the established rules of procedure of the Fund, which requires taking into account the global need for liquidity at the international level;

18. Requests the Secretary-General to report to the General Assembly at its fifty-ninth session on the implementation of the present resolution;

19. Decides to include in the provisional agenda of its fifty-ninth session, under the item entitled “Macroeconomic policy questions”, the sub-item entitled “International financial system and development”.

Debt problems of developing countries

Report of Secretary-General. In response to General Assembly resolution 57/240 [YUN 2002, p. 951], the Secretary-General submitted a September report [A/58/290] on the external debt crisis and development. It described recent trends in international debt indicators and capital flows; reserve accumulation and net transfer of resources; private capital flows to developing countries in a longer-term perspective; official debt, in particular issues related to the implementation of the Heavily Indebted Poor Countries (HIPC) Initiative and the Paris Club (a group of creditor countries) agreements; and sovereign debt restructuring. The report complemented the Secretary-General’s report for the High-level Dialogue on Financing for Development (see p. 988), which recommended steps towards a more lasting solution to developing countries and transition economies’ debt problems.

The Secretary-General stated that the total stock of external debt of developing countries and economies in transition increased by about $32 billion, or 2.2 per cent, in 2002, while both private debt and short-term debt declined. Debt-service payments fell by almost 10 per cent in 2002 because of lower international interest rates. The ratios of total debt and debt service to exports of goods and services continued to decline. Among developing regions, Latin America had the highest debt/export ratio with external debt equivalent to 173.6 per cent of exports. The unprecedented increase (some $163 billion) in the international reserves of developing countries and economies in transition led to a strong improvement in the ratio of short-term debt to international reserves in all regions, with the exception of Latin America. Despite some further improvement in 2002, that indicator continued to be the highest for sub-Saharan Africa, excluding South Africa, where short-term debt at the end of 2002 was equivalent to 76 per cent of international reserves.

Although the HIPC Initiative was recognized for addressing development constraints and poverty alleviation in many of the poorest countries, there had been doubts in recent years that the Initiative in its current form and scope could meet those objectives. HIPC ministers had suggested that the Initiative should be surrounded with a wider framework of measures to overcome shocks and stressed the need for cheap, automatic and rapidly available contingency financing by the international financial institutions,
based on annual reassessments of debt sustainability.

Recent Paris Club activity continued to focus on HIPC Initiative implementation. In late 2002/early 2003, 10 countries (8 of them HIPCs) concluded new agreements on debt rescheduling or restructuring. The G-8 (major industrialized countries) Finance Ministers, at their meeting in Deauville, France, in May, made proposals for reforming the Paris Club, including measures to remove the artificial ceiling on debt rescheduling or cancellation, for debt reduction in exceptional cases for countries not qualifying for debt relief under the HIPC Initiative, and comparable treatment by both private and Paris Club creditors.

The Secretary-General concluded that although bilateral official creditors continued to provide relief to low-income countries, it was not sufficient to achieve long-term debt sustainability and significant poverty reduction. Given the continuing difficulties facing HIPCs and other heavily indebted countries in complying with debt relief conditionality, he suggested that donors and international financial institutions provide additional support in the design and implementation of their Poverty Reduction Strategy Papers, giving greater attention to poverty and social impact analysis and technical assistance to conduct such analyses on their own. The number of low- and middle-income developing countries and economies in transition with large debt burdens that were not eligible for debt relief under the HIPC Initiative raised the need for a greater safety margin to protect against unanticipated adverse developments, which, with effective contingency financing mechanisms, including grant financing, could help eliminate the need for repeated rescheduling. A framework was also needed to deal comprehensively with international sovereign debt of insolvent developing countries.

Other actions. The WTO Working Group on Trade, Debt and Finance, established by the Fourth WTO Ministerial Conference [YUN 2000, p. 142] to examine the relationship between trade, debt and finance and to recommend steps for enhancing the capacity of the multilateral trading system to contribute to a durable solution to the problem of external indebtedness of developing and least developed countries, met on 28 March and 5 June. Its report, which described progress in examining its mandate, was submitted to the WTO General Council on 11 July [WT/WORKING GROUP/GTDF/2].

The Joint IMF/World Bank Development Committee (Dubai, 22 September) urged all official and commercial creditors that had not yet done so to participate in the HIPC Initiative. It looked forward to a report being prepared by the Bank and the Fund on a forward-looking framework for debt sustainability in low-income countries, for review at its next meeting. It also encouraged further work on ways to help reduce the vulnerability of those countries to exogenous shocks.

The joint DESA/UNCTAD report on the world economic situation and prospects 2004 [Sales No. E.04.II.C.2] reported that, in October, the Paris Club agreed to change the approach to its treatment of the external debt of debt-crisis countries not covered by the HIPC Initiative. The new policy, called the Evian Approach, which put into effect the May agreement of the G-8 Finance Ministers (see above), outlined more flexible procedures and established a set of exceptional circumstances when it might agree to reduce the debt of countries previously eligible only for postponement of debt-servicing payments.

**GENERAL ASSEMBLY ACTION**

On 23 December [meeting 78], the General Assembly, on the recommendation of the Second Committee [A/58/481/Add.5], adopted resolution 58/203 without vote [agenda item 51(e)].

**External debt crisis and development**

The General Assembly, Recalling its resolutions 51/164 of 16 December 1996, 52/185 of 18 December 1997, 53/175 of 15 December 1998, 54/202 of 22 December 1999, 55/184 of 20 December 2000, 56/184 of 21 December 2001 and 57/240 of 20 December 2002 on enhancing international cooperation towards a durable solution to the external debt problems of developing countries, Recalling also the United Nations Millennium Declaration adopted by heads of State and Government on 8 September 2000, Reaffirming the Monterrey Consensus of the International Conference on Financing for Development, which recognizes sustainable debt financing as an important element for mobilizing resources for public and private investment, Recalling its resolution 57/270 B of 23 June 2003 on the integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields, Concerned that the current global economic recovery is uneven but determined to ensure that it leads to sustained world economic growth, to sustainable development and to a durable solution of the external debt problems of developing countries,

**Noting** in this regard that the total debt stock of the developing countries rose from 1,421.6 billion dollars in 1990 to 2,384.2 billion dollars in 2002.

**Noting with great concern** that the continuing debt and debt-servicing problems of the heavily indebted poor developing countries constitute one of the many elements that adversely affect their sustainable development efforts, and bearing in mind their impact on...
the achievement of the internationally agreed development goals, including those contained in the Millennium Declaration.

Noting with concern the fact that some highly indebted, low- and middle-income developing countries continue to face serious difficulties in meeting their external debt-servicing obligations, which constitutes an element that seriously constrains their efforts to ensure sustained economic growth and sustainable development,

Noting that, in 2002, developing countries as a whole made net outward transfers of financial resources for the sixth consecutive year, and underscoring the need for measures, as appropriate, at the national and international levels to address this issue to enhance the prospects for debt sustainability, while noting also the fact that for some developing countries those transfers, at the present time, indicate positive developments in the trade balance, and were required, inter alia, for debt repayment.

Convinced that enhanced market access for goods and services of export interest to developing countries contributes significantly to debt sustainability in developing countries,

Welcoming the positive impact of the enhanced Heavily Indebted Poor Countries Initiative, while recognizing that significant challenges remain, and inviting all developed bilateral creditors to forgive on a unilateral basis up to 100 per cent of all remaining claims after HIPC debt relief,

Welcoming also the actions taken by creditor countries within the framework of the Paris Club and by some creditor countries through the cancellation of bilateral debts, urging all creditor countries to participate in efforts to remedy the external debt and debt-servicing problems of developing countries, and noting the Evian Approach of the Paris Club of October 2003 and that debt relief does not replace alternative sources of financing.

Emphasizing the important role that private sector creditors play in debt relief and debt sustainability,

Welcoming the call in the communiqué issued by the joint International Monetary Fund/World Bank Development Committee on 22 September 2003 in Dubai, United Arab Emirates, urging all official and commercial creditors to participate in the Heavily Indebted Poor Countries Initiative,

Recognizing the current debate on sovereign debt restructuring, especially the efforts led by sovereign debtors and private creditors to develop a voluntary code of conduct, and stressing that modalities for sovereign debt restructuring should be voluntary, market-friendly and flexible, with due consideration of the specific circumstances of individual countries, and should result from the participation of all relevant stakeholders,

Noting the increasing voluntary use of collective action clauses in sovereign bond contracts by both developing and developed countries,

1. Takes note of the report of the Secretary-General;

2. Reaffirms the determination, as expressed in the United Nations Millennium Declaration, to deal comprehensively and effectively with the debt problems of low- and middle-income developing countries, through various national and international measures designed to make their debt sustainable in the long term;

3. Emphasizes that the international financial system, along with enhanced official and private external financing and foreign direct investment, are key elements for a durable solution to the external debt problems of developing countries;

4. Stresses that sustainable debt financing is an important element for mobilizing resources for public and private investment, and that national comprehensive strategies to monitor and manage the external liabilities embedded in the domestic preconditions for debt sustainability, including sound macroeconomic policies and public resource management, are a key element in reducing national vulnerabilities;

5. Welcomes the World Trade Organization Working Group on Trade, Debt and Finance and its mandate to examine the relationship between trade, debt and finance so as to enhance the capacity of the multilateral trading system to contribute to a durable solution to the problem of external indebtedness of the developing and least developed countries, and to strengthen the coherence of international trade and financial policies, with a view to safeguarding the multilateral trading system from the effects of financial and monetary instability, and takes note of its report of 11 July 2003 to the General Council of the World Trade Organization;

6. Recognizes that creditors and debtors must share the responsibility for preventing and resolving unsustainable debt situations and that debt relief can play a key role in liberating resources that should be directed towards activities consistent with attaining poverty eradication, sustainable economic growth and sustainable development and with the achievement of the internationally agreed development goals, including those contained in the Millennium Declaration, and in this regard urges countries to direct those resources freed through debt relief, in particular through debt cancellation and reduction, towards these objectives;

7. Stresses that debt sustainability depends upon a confluence of many factors at the international and national levels, underscores that no single indicator should be used to make definitive judgements about debt sustainability, and emphasizes that country circumstances should be taken into account;

8. Recalls the call upon industrialized countries, as expressed in the Millennium Declaration, to implement the enhanced programme of debt relief for the heavily indebted poor countries without further delay and to agree to cancel all official bilateral debts of those countries in return for their making demonstrable commitments to poverty reduction, and in this regard welcomes the decision of those countries that have already taken action to do so, emphasizing that debt relief complementary to the framework should be treated as additional;

9. Calls upon those heavily indebted poor countries that have not already done so, to take, as soon as possible, the policy measures necessary to become eligible for the enhanced Heavily Indebted Poor Countries Initiative and to reach the decision point, inter alia, through the formulation of poverty reduction strategies, where they exist;

10. Stresses the need to pursue, where appropriate, debt relief measures vigorously and expeditiously, by all creditors, including within the Paris and London Clubs and other relevant forums, and welcomes other
bilateral initiatives that have been undertaken to reduce outstanding indebtedness, so as to contribute to debt sustainability and facilitate sustainable development;

11. Calls upon the international community, including the United Nations system, and invites the Bretton Woods institutions as well as the private sector to take appropriate measures and actions for the implementation of the commitments, agreements and decisions of the major United Nations conferences and summits, in particular those relating to the question of the external debt problem of developing countries, and in this regard stresses the need:

(a) To implement speedily and fully the enhanced Heavily Indebted Poor Countries Initiative, which should be fully financed through additional resources, while stressing the need for fair, equitable and transparent burden-sharing among the international public creditor community and other donor countries, and take into consideration, as appropriate, measures to address any fundamental changes in the economic circumstances of those developing countries that have an unsustainable debt burden, including those caused by natural catastrophes, severe terms-of-trade shocks or conflict, taking into account initiatives that have been undertaken to reduce outstanding indebtedness;

(b) To continue to bring about a sustained commitment on the part of the heavily indebted poor countries to improvements in domestic policies and economic management, to support capacity-building for the management of financial assets and liabilities, to ensure full participation and delivery of relief by all affected creditors, to ensure adequate and sufficiently transparent burden-sharing among the international public creditor community and other donor countries, and to take into consideration, as appropriate, measures to address any fundamental changes in the economic circumstances of those developing countries that have an unsustainable debt burden, including those caused by natural catastrophes, severe terms-of-trade shocks or conflict, taking into account initiatives that have been undertaken to reduce outstanding indebtedness;

(c) To continue to bring together international debtors and creditors in relevant international forums to restructure unsustainable debt in a timely and efficient manner, taking into account the need to involve the private sector in the resolution of crises;

(d) To acknowledge the problems of the debt sustainability of some low-income countries that are not heavily indebted, in particular those facing exceptional circumstances, and in this regard to note the tailored treatment for non-HIPC developing debtor countries adopted by the Paris Club to ensure that debt restructuring provides non-HIPC debtor countries with a debt treatment that reflects their financial needs and the objective of ensuring long-lasting debt sustainability;

(e) To reduce the unsustainable debt burden of developing countries through such actions as debt relief and, as appropriate, debt cancellation and other innovative mechanisms geared to comprehensively addressing the debt problems of developing countries, in particular the poorest and most heavily indebted ones;

(f) To encourage exploring innovative mechanisms to comprehensively address the debt problems of developing countries, including middle-income countries, and countries with economies in transition; such mechanisms may include debt-for-sustainable-development swaps, or multi-creditor debt swap arrangements, as appropriate;

(g) To establish effective debt-tracking mechanisms in developing countries and strengthen technical assistance for external debt management and debt tracking, including through enhanced cooperation and coordination between organizations providing assistance in this regard;

(h) To take steps to ensure that resources provided for debt relief do not detract from official development assistance resources intended to be available for developing countries and that the debt-relief arrangements seek to avoid imposing any unfair burden on other developing countries;

(i) To welcome consideration by all relevant stakeholders of an international debt-work-out mechanism, in the appropriate forums, the adoption of which should not preclude emergency financing in times of crisis, to promote fair burden-sharing and minimize moral hazard, which will engage debtors and creditors to come together to restructure unsustainable debts in a timely and efficient manner;

(j) To establish a set of clear principles for the management and resolution of financial crises that provide for fair burden-sharing between the public and private sectors and among debtors, creditors and investors, while recognizing that a flexible mix of instruments is needed to respond appropriately to the varying economic circumstances and capacities of different countries;

12. Stresses the importance of continued flexibility with regard to the eligibility criteria for the enhanced Heavily Indebted Poor Countries Initiative, in particular for countries in post-conflict situations, and the need to keep the computational procedures and assumptions underlying debt sustainability analysis under review;

13. Emphasizes the need to help bring about initial recovery in heavily indebted post-conflict countries, in coordination with the international financial institutions, to help clear, as appropriate, the arrears of those countries vis-à-vis international financial institutions;

14. Reaffirms that reviews of debt sustainability should also bear in mind the impact of debt relief on progress towards the achievement of the development goals set out in the Millennium Declaration and the fact that debt sustainability analysis at the completion point needs to take into account any change in the global growth prospects or in the terms of trade, especially for commodity export developing countries;

15. Notes that it is important for the International Monetary Fund and the World Bank to continue their efforts to strengthen the transparency and integrity of debt sustainability analysis and to consider any fundamental changes in countries’ debt sustainability caused by natural catastrophes, severe terms-of-trade shocks or conflict when making policy recommendations, including for debt relief, as appropriate;

16. Stresses the need to strengthen the institutional capacity of developing countries in debt management, calls upon the international community to support the efforts made towards this end, and in this regard stresses the importance of such initiatives as the Debt Management and Financial Analysis System, the International Monetary Fund and World Bank guidelines for public debt management, and the debt-management capacity-building programme;

17. Invites the United Nations Conference on Trade and Development, the International Monetary Fund
and the World Bank, in cooperation with the regional banks, regional commissions and multilateral institutions, to study the possibility of creating a consultative group on external debt management aimed at developing best practices and strengthening the institutional capacity of developing countries in debt management, taking into account work that has already been done;

18. Requests the Secretary-General to submit to the General Assembly at its fifty-ninth session a report on the implementation of the present resolution and to include in that report a comprehensive and substantive analysis of the external debt and debt-servicing problems of developing countries, inter alia, those resulting from global financial instability;

19. Decides to include in the provisional agenda of its fifty-ninth session, under the item entitled “Macroeconomic policy questions”, the sub-item entitled “External debt crisis and development”.

**Financing for development**

**Follow-up to the International Conference on Financing for Development**

**High-level meeting of Economic and Social Council, Bretton Woods institutions and WTO.**

In accordance with General Assembly resolution 50/227 [YUN 1996, p. 1249] and Economic and Social Council decision 2003/206 of 28 January, the sixth special high-level meeting of the Economic and Social Council, the Bretton Woods institutions (the World Bank Group and IMF) and WTO took place in New York on 14 April. The theme “Increased coherence, coordination and cooperation for the implementation of the Monterrey Consensus of the International Conference on Financing for Development at all levels one year after the Conference” was adopted by the Council in decision 2003/209 of 30 January. It had before it a note by the Secretary-General on the subject [E/2003/50].

The Council President, in his summary of the high-level meeting [A/58/77-E/2003/62 & Add.1,2], said that the discussions showed that, despite some progress in the implementation of the Monterrey Consensus [YUN 2002, p. 953], there were still significant gaps in implementation in some key areas. The Assembly’s High-level Dialogue on Financing for Development (see p. 988) would be an important opportunity for taking stock more fully of progress made and for considering further steps.

In preparation for that Dialogue, the Council suggested that the Assembly address the following key issues: improved measurement of national and international efforts and outcomes in the implementation of the Monterrey Consensus, including aid flows and their impact; additional steps to be taken by the Assembly to increase the chances of completing on time the multilateral trade negotiations under the Doha Development Agenda; national and international measures to reduce the risks of external debt problems; further exploration of international approaches to orderly debt workouts; strengthened participation of developing countries in decision-making processes on international economic policy; and increased coherence in a number of policy areas.

**ECONOMIC AND SOCIAL COUNCIL ACTION**

On 24 July [meeting 47], the Economic and Social Council adopted resolution 2003/47 [draft: E/2003/L.39] without vote [agenda item 6 (a)].

**International Conference on Financing for Development**

The Economic and Social Council,


Recalling also its resolution 2002/34 of 26 July 2002,

Recalling further General Assembly resolution 57/270 A of 20 December 2002 on the integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields,

Recognizing the crucial importance of proper follow-up to and implementation of the Monterrey Consensus and other agreements and commitments reached at the International Conference on Financing for Development,

Stressing the importance of staying fully engaged, nationally, regionally and internationally, in order both to ensure proper follow-up to the implementation of agreements and commitments reached at the International Conference on Financing for Development and to continue to build bridges between development, finance and trade organizations and initiatives, within the framework of the holistic agenda of the Conference,

Recognizing the link between financing for development and attaining internationally agreed development goals and objectives, including those contained in the United Nations Millennium Declaration, in measuring development progress and helping to guide development priorities, as well as achieving sustained economic growth and sustainable development, bearing in mind the Plan of Implementation of the World Summit on Sustainable Development ("Johannesburg Plan of Implementation")

1. Takes note with appreciation of the summary by the President of the Economic and Social Council of the special high-level meeting of the Council with the Bretton Woods institutions and the World Trade Organization, held in New York on 14 April 2003, which constitutes an important input provided by the Council to the high-level dialogue on financing for development, which is to be held by the General Assembly in October 2003.

2. Takes note of the report of the Secretary-General on the follow-up efforts to the International Conference on Financing for Development;
3. Takes note also of the establishment of the Financing for Development Office in the Department of Economic and Social Affairs of the Secretariat, in accordance with General Assembly resolution 57/273 of 20 December 2002;

4. Reaffirms its commitment to contribute to the implementation of the Monterrey Consensus of the International Conference on Financing for Development, both in the context of its general mandate to follow up and support the implementation of commitments adopted at all major United Nations conferences, including the Millennium Summit, and as an important process in its own right, and in that regard attaches priority to four broad tasks related to follow-up activities:

   (a) To promote coherence and an integrated approach within the United Nations;

   (b) To intensify interactions with the World Bank, the International Monetary Fund and the World Trade Organization, as well as other institutional stakeholders;

   (c) To continue involving other relevant stakeholders, including civil society organizations and the private sector; and

   (d) To prepare inputs for consideration by the General Assembly;

5. Expresses its satisfaction with the interactive dialogue of the special high-level meeting of the Council with the Bretton Woods institutions and the World Trade Organization, which constituted an important and successful step in the follow-up process provided for in paragraph 69 of the Monterrey Consensus;

6. Decides to build on the experience accumulated during the high-level meeting of the Council in 2003 in convening and organizing the next high-level spring meeting to address issues of coherence, coordination and cooperation in the context of the implementation of the Monterrey Consensus, examining further specific steps that could be taken by each of the stakeholders to move the Monterrey process forward;

7. Decides also to include representatives of the Trade and Development Board of the United Nations Conference on Trade and Development in the high-level meeting of the Council with the Bretton Woods institutions and the World Trade Organization;

8. Decides further that the Department of Economic and Social Affairs, in collaboration with the secretariats of the Bretton Woods institutions, the World Trade Organization, the United Nations Conference on Trade and Development and other institutional stakeholders, will prepare the necessary documentation for the next high-level meeting of the Economic and Social Council, and decides to invite all institutional stakeholders to provide the Secretary-General with interim reports during the first quarter of 2004 on the work undertaken and planned in their respective areas of competence regarding implementation of the different components of the Monterrey Consensus, with the understanding that those reports will be essential inputs to the preparation of the meeting;

9. Welcomes the continued participation of non-governmental organizations and the business sector in the Monterrey process, expresses its readiness to continue its work in the innovative and participatory spirit that characterized the International Conference on Financing for Development, strengthening the role of the Council in its interaction with non-governmental organizations and the business sector at its annual spring meetings with the Bretton Woods institutions and the World Trade Organization, and stresses that the specific modalities and formats to give concrete expression to that commitment should continue to be decided by the Council, in accordance with its rules of procedure and the accreditation procedures and modalities of participation utilized at the Conference and in its preparatory process.

**High-level Dialogue on Financing for Development**

The General Assembly’s first High-level Dialogue on Financing for Development was held on 29 and 30 October in New York, under the theme “The Monterrey Consensus: status of implementation and tasks ahead”. Organized in response to Assembly resolution 57/250 [YUN 2002, p. 961], the High-level Dialogue was attended by more than 190 Governments, 35 intergovernmental organizations and 50 civil society stakeholders from the business sector, academia and NGOs.

The Dialogue consisted of a series of plenary and informal meetings and eight ministerial interactive round tables, which were organized around the various themes to be discussed: regional dimensions of the implementation of the results of the International Conference on Financing for Development; coherence and consistency of the international monetary, financial and trading systems in support of development; the link between the progress in the implementation of the agreements and commitments reached at the International Conference and the achievement of internationally agreed development goals, including those contained in the United Nations Millennium Declaration [YUN 2000, p. 40] (round tables 3 and 4); the role of regional bodies; the continued participation of non-governmental organizations and the business sector in the Monterrey process; and the role of the Bretton Woods institutions and the promotion of sustainable development, sustained economic growth and the eradication of poverty, with a view to achieving an equitable global economic system (round tables 7 and 8).

The Assembly President, in his summary of the proceedings [A/58/555 & Corr.1], said that participants welcomed progress where it had occurred, but insisted that much more was required. Participants noted that there had been slippage in some areas, manifested by disappointing developments in international trade and financial transfers, and called for a more precise mechanism for monitoring implementation of both the Monterrey commitments and the targets embodied in the MDGs. The main themes addressed during the Dialogue were: mobilizing domestic resources; private capital flows; international trade; official
development assistance and other resources; external debt; systemic and institutional issues; and staying engaged in the Monterrey Consensus follow-up process. The Assembly President also submitted summaries of the informal hearings of civil society [A/58/555/Add.1] and the business sector [A/58/555/Add.2], both held on 28 October.

**Documentation.** The High-level Dialogue had before it a note by the Secretary-General on organizational and procedural matters concerning the High-level Dialogue [A/58/436], documents transmitted by Italy on its contribution to the High-level Dialogue [A/58/529], and Denmark's first progress report on the MDG of developing a global partnership for development [A/58/542]. It also had before it the Secretary-General's report [A/58/201] on implementation of and follow-up to the commitments and agreements made at the International Conference on Financing for Development, prepared in collaboration with major institutional stakeholders. He highlighted the most important areas of progress, or lack thereof, in implementing the commitments, suggested guidelines for policies and processes and identified issues for further study in order to operationalize and build on the Monterrey Consensus.

**Organizational matters.** By decision 57/593 of 15 September, the General Assembly decided to accredit to the High-level Dialogue several intergovernmental organizations. By decisions 57/594 of 15 September and 58/509 of 27 October, it decided to accredit a number of business entities/organizations and NGOs to the Dialogue and to the earlier hearings of the business sector and civil society.

**GENERAL ASSEMBLY ACTION**

On 23 December [meeting 78], the General Assembly, on the recommendation of the Second Committee [A/58/494, as orally revised], adopted resolution 58/230 without vote (agenda item 104).

Follow-up to and implementation of the outcome of the International Conference on Financing for Development

The General Assembly, recalling the International Conference on Financing for Development, held in Monterrey, Mexico, from 18 to 22 March 2002, and its resolutions 56/210 of 9 July 2002, 57/250 of 20 December 2002, 57/270 B of 23 June 2003 and 57/272 and 57/273 of 20 December 2002, as well as Economic and Social Council resolutions 2002/34 of 26 July 2002 and 2003/47 of 24 July 2003, taking note of the report of the Secretary-General on the implementation of and follow-up to commitments and agreements made at the International Conference on Financing for Development, prepared in collaboration with the major institutional stakeholders,

Having considered the summary presented by the President of the General Assembly of the High-level Dialogue on Financing for Development, held in New York on 29 and 30 October 2003,

Having also considered the summary presented by the President of the Economic and Social Council of the special high-level meeting of the Council with the Bretton Woods institutions and the World Trade Organization, held in New York on 14 April 2003,

Determined to continue to implement and build further on the commitments made and agreements reached at the International Conference on Financing for Development and to strengthen the coordinated and coherent engagement of all relevant stakeholders in the financing for development process,

1. Welcomes the holding of the first High-level Dialogue on Financing for Development;

2. Restates the call to fully implement and to build further on the commitments made and agreements reached at the International Conference on Financing for Development;

3. Notes the progress made in the implementation of these commitments and agreements and that much remains to be done in this context;

4. Emphasizes the link between financing for development and the achievement of the internationally agreed development goals, including those contained in the United Nations Millennium Declaration;

5. Stresses, in order to complement national development efforts, the importance of full implementation of the commitment to enhance further the coherence and consistency of international monetary, financial and trading systems, and in this context requests the Secretary-General to keep actions under review;

6. Recognizes initiatives taken to enhance the voice, participation and representation of developing countries and countries with economies in transition in the work and decision-making processes of the intergovernmental bodies of institutional stakeholders, and invites them to continue and strengthen actions aimed at reaching decisions in this regard;

7. Invites the World Trade Organization to strengthen its institutional relationship with the United Nations, in particular through its active involvement in the meetings of the General Assembly and the Economic and Social Council devoted to financing for development, and through its participation in the preparation of the annual report on the implementation of and follow-up to the commitments made and agreements reached at the International Conference on Financing for Development;

8. Welcomes the decisions by the major institutional stakeholders of the International Conference on Financing for Development to include in the agendas of their intergovernmental bodies relevant items on the implementation of the Monterrey Consensus of the International Conference on Financing for Development, and invites all major institutional stakeholders to consider doing so, in accordance with paragraph 70 of the Monterrey Consensus, and to make a contribution to the assessment of progress made to the High-level Dialogue on Financing for Development of the General Assembly and to the spring meeting of the Economic and Social Council;
9. Requests the United Nations Conference on Trade and Development, in cooperation with other relevant stakeholders, to continue to address in a comprehensive way commodities issues and their impact on financing for development;

10. Requests the Economic and Social Council, in its examination of the report of the Ad Hoc Group of Experts on International Cooperation in Tax Matters at its next substantive session to give consideration to the institutional framework for international cooperation in tax matters;

11. Recalls paragraph 69 of the Monterrey Consensus and building on the experience of the high-level spring meeting of the Economic and Social Council and the High-level Dialogue of the General Assembly in 2005, in the context of the integrated approach to the follow-up to and implementation of the commitments made and agreements reached at the International Conference on Financing for Development, requests:

(a) The President of the Economic and Social Council, in coordination with the President of the Economic and Social Council, to strengthen the preparations, with all major institutional and other stakeholders, of matters relevant to the organization of the High-level Dialogue, in consultation with all Member States;

(b) The President of the Economic and Social Council, with support from the Vice-Presidents, to enhance the Council’s interactions through regular exchanges with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development on organizational matters related to the follow-up to the International Conference on Financing for Development, within the context of the preparations for the high-level meeting with these institutions, bearing in mind General Assembly resolution 57/270 B and Economic and Social Council resolution 2005/47, and to report thereon to the Council;

(c) The President of the Economic and Social Council, in consultation with all major institutional stakeholders, to focus the annual special high-level meeting on specific issues, within the holistic integrated approach of the Monterrey Consensus, and to report thereon to the Council;

12. Invites the regional commissions, with the support of regional development banks, as appropriate, and in cooperation with United Nations funds and programmes, to use the opportunity of their regular intergovernmental sessions to hold special meetings within existing resources, as necessary, to address the regional and interregional aspects of the follow-up to the International Conference on Financing for Development and thus help to bridge any gaps between the national, regional and international dimensions of the implementation of the Monterrey Consensus and serve as inputs to the High-level Dialogue as well as to the spring meeting of the Economic and Social Council;

13. Welcomes the establishment of the Financing for Development Office in the Department of Economic and Social Affairs of the Secretariat, and in this regard reiterates the need to fully implement resolution 57/273 to enable the Office to provide effective support to the intergovernmental process entrusted with the follow-up to the International Conference on Financing for Development, and to facilitate the participation of all stakeholders in accordance with the rules of procedure of the United Nations, in particular the accreditation procedures and modalities of participation utilized at the Conference and in its preparatory process, as well as to continue within its mandate:

(a) To organize workshops and multi-stakeholder consultations, including experts from the official and private sectors, as well as academia and civil society, to examine issues related to the mobilization of resources for financing development and poverty eradication;

(b) To convene activities involving various stakeholders, including the private sector and civil society, as appropriate, to promote best practices and exchange information on the implementation of the commitments made and agreements reached at the International Conference for Financing for Development;

14. Decides to consider at its fifty-ninth session possible innovative sources of financing for development, and requests the Secretary-General to submit the result of the analysis on this issue as called for in paragraph 44 of the Monterrey Consensus;

15. Invites countries to report by 2005, inter alia, through existing reporting mechanisms, on their efforts to implement the Monterrey Consensus, bearing in mind the need to achieve the internationally agreed development goals, including those contained in the Millennium Declaration;

16. Decides to hold the 2005 High-level Dialogue on Financing for Development at the ministerial level, the time and modalities of the High-level Dialogue will be set by the General Assembly at its fifty-ninth session, taking into account other major events in the same year and the need for adequate provisions for an enhanced dialogue;

17. Also decides to include in the provisional agenda of its fifty-ninth session an item entitled “Follow-up to and implementation of the outcome of the International Conference on Financing for Development”, and requests the Secretary-General to submit an annual analytical assessment of the state of the implementation of the Monterrey Consensus, including the implementation of the present resolution, to be prepared in full collaboration with the major institutional stakeholders.

Investment, technology and related financial issues

The UNCTAD Commission on Investment, Technology and Related Financial Issues held its seventh session in Geneva from 20 to 24 January [TD/B/EX(33)/1].

At its thirty-first executive session in March [A/58/15], TDB took note of the Commission’s report and endorsed its recommendations.

Investment and development. For its consideration of policy issues related to investment and development, the Commission had before it an UNCTAD secretariat note on the subject [TD/B/COM.2/44]; the report of the Expert Meeting on the Development Dimension of FDI: policies to enhance the role of FDI in support of the competitiveness of the enterprise sector and the eco-
nomic performance of host economies, taking into account the trade/investment interface, in the national and international context [YUN 2002, p. 966]; and an UNCTAD secretariat note on the development dimension of FDI: policies to enhance the role of FDI in the international context—policy issues to consider [TD/B/COM.2/EM.12/2].

The Commission recommended that the secretariat continue its post-Doha technical assistance and capacity-building work, facilitate an ongoing exchange of information and experiences among investment negotiators, and continue its in-depth analysis of policies and measures to help developing countries attract and benefit more from FDI. The secretariat should also complement its analytical work with technical and capacity-building assistance, including helping countries to modernize relevant laws, and continue to assist in the development of inter-enterprise relations.

**Investment arrangements.** For its consideration of issues related to investment arrangements, the Commission had before it an UNCTAD secretariat note on the subject [TD/B/COM.2/45]; the report of the Expert Meeting on Experiences with Bilateral and Regional Approaches to Multilateral Cooperation in the Area of Long-term Cross-border Investment, particularly FDI [YUN 2002, p. 966]; and a related UNCTAD secretariat note [TD/B/COM.2/EM.11/2].

The Commission welcomed the interface between policy makers and investment promotion practitioners in the format of a joint session with the World Association of Investment Promotion Agencies, which it invited to contribute to the UNCTAD XI preparatory process (see p. 998).

**Investment policy reviews.** For its consideration of investment policy reviews: exchange of national experiences, the Commission had before it the summary of the deliberations of the Investment Policy Review of Botswana and Ghana [TD/B/COM.2/49].

The Commission encouraged the secretariat to devote sufficient time to investment policy reviews covering member States during the session, to enable their presentation and exchange of national experiences. It encouraged the UN regional commissions to participate in the Commission’s work, thereby enhancing its role as a forum for exchange among member States and intergovernmental agencies on issues related to investment.

**Subsidiary bodies.** In 2003, two expert meetings took place, both in Geneva. The Expert Meeting on Effectiveness of FDI Policy Measures (25-27 June) [TD/B/COM.2/51] had before it an UNCTAD secretariat note on the subject [TD/B/COM.2/EM.13/2]. The Expert Meeting focused on selected general policy measures (labour, business immigration and taxation) and proactive measures in selected industries important for developing countries (garments/textiles, agriculture, tourism and information and communication technology). It also considered the investment policy review of Nepal.

In considering the general regulatory environment, the experts emphasized the need for effective policy measures in the areas of labour, business immigration and taxation, and in competition policy, exchange control, intellectual property protection, and sectoral and environmental regulation. In all areas, the effectiveness of measures depended on policy transparency, good governance, social consensus and economic and political stability. Home country measures, such as tax incentives and trade preferences, using ODA for capacity-building, infrastructure development, enterprise support and training and technological upgrading, could contribute to encouraging FDI inflows and to enhancing the benefits of FDI, particularly in LDCs and other structurally weak economies. Together with host country proactive measures, they could be a powerful stimulus to attracting FDI in developing countries.

The Expert Meeting on FDI and Development (29-31 October) [TD/B/COM.2/57] had before it an UNCTAD secretariat note on the subject [TD/B/COM.2/EM.14/2]. The Expert Meeting discussed the role of FDI in the development of services industries and related policy challenges, including FDI and competitiveness, the growth of export-oriented FDI in services, and the role and impact of FDI in the context of privatization of services. Experts noted that although services often represented the largest sector of the economy, the importance of FDI in services had not been adequately reflected in research and policy analysis. They suggested that policy formulation should go beyond the standard economic analysis and agreed that both analysis and policy formulation needed to reflect the wide diversity among different kinds of services.

**Competition law and policy**

The Intergovernmental Group of Experts on Competition Law and Policy, at its fifth session (Geneva, 2-4 July) [TD/B/COM.2/52], considered consultations on competition law and policy, including the model law and studies related to the provisions of the 1980 Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices (known as the Set) [YUN 1980, p. 63]; and the UNCTAD work programme, including technical assistance, and
advisory and training programmes on competition law and policy. It had before it UNCTAD secretariat reports on: experiences gained so far on international cooperation in competition policy issues and the mechanisms used [TD/B/COM.2/CLP/2/Rev.2]; roles of possible dispute mediation mechanisms and alternative arrangements, including voluntary peer reviews, in competition law and policy [TD/B/COM.2/CLP/57]; a review of capacity-building and technical assistance in competition law and policy [TD/B/COM.2/CLP/56]; the proposed handbook on competition legislation [TD/B/COM.2/CLP/53]; the updated Directory of Competition Authorities [TD/B/COM.2/CLP/34]; and the revised Model Law on Competition [TD/B/RBP/CONF.5/7/Rev.2].

In agreed conclusions, the Group of Experts recommended to UNCTAD XI, to be held in 2004, the continuation and strengthening of the work programme on competition law and policy within UNCTAD’s secretariat and the Group. It invited the secretariat to continue its efforts related to the implementation of the Doha Declaration [YUN 2001, p. 1432] in technical assistance and capacity-building. The secretariat was also asked to revise/ update the documents before the Group, for submission to its 2004 session. It was also asked to prepare for that session, which would act as the preparatory meeting for the Fifth UN Conference to Review All Aspects of the Set in 2005, a number of studies on the implications of closer multilateral cooperation in competition policy for the development objectives of developing and least developed countries.

The Group recommended that for better implementation of the Set, it would consider in 2004 the strengths and weaknesses of peer review related to competition policy, cooperation and dispute mediation mechanisms in regional integration agreements related to competition law and policy, evidence gathering and cooperation issues in hard-core cartel investigations, and advocacy in promoting awareness of competition policy and law in developing countries.

The secretariat should expand its capacity-building and technical cooperation activities in all regions and prepare for consideration at its next session an updated review of capacity-building and technical assistance, a further revised and updated version of the Model Law on Competition, and an information note on recent important cases, with special reference to cases involving more than one country.


**International standards of accounting and reporting**

The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting, at its twentieth session (Geneva, 29 September – 1 October) [TD/B/COM.2/58], had before it UNCTAD secretariat reports on: major issues on implementation of corporate disclosure requirements [TD/B/COM.2/ISAR/19 & Add.1-5 & Add.2/Corr.1]; disclosures of the impact of corporations on society: current trends and issues [TD/B/COM.2/ISAR/20]; and a revised model accounting curriculum [TD/B/COM.2/ISAR/21].

In its agreed conclusions, the Working Group requested the UNCTAD secretariat to publish and disseminate a paper on transparency and disclosure requirements for corporate governance. The secretariat should continue to assist countries in developing and implementing their own guidelines and benchmarking systems, and form partnerships with private and public intergovernmental organizations promoting corporate governance. The Working Group, noting the work being done by various groups, including the Global Reporting Initiative, to develop different indicators, agreed to begin examining existing indicators so that corporate social responsibility reports would be comparable and not impose unreasonable burdens on enterprises in developing countries. In terms of the draft guidance relating to accounting by small and medium-sized enterprises, the Working Group agreed that small groups be established to monitor changes made to existing and new standards issued by the International Accounting Standards Board and the results obtained through field testing. It requested the secretariat to continue its efforts on national and international requirements for the qualification of professional accountants and to finalize and widely disseminate the Model Curriculum. It recommended that the work on environmental accounting and eco-efficiency indicators be brought to the notice of the International Federation of Accountants and that UNCTAD conduct additional field testing of the guideline on eco-efficiency indicators in developing countries and across industry sectors.


**Taxation**

On 5 March (decision 2003/214), the Economic and Social Council endorsed the decision of the Ad Hoc Group of Experts on International Cooperation in Tax Matters to change the dates...
and venue of its eleventh meeting from 7 to 11 April in New York to 10 to 14 November in Geneva. On 31 October (decision 2003/313), the Council endorsed the Ad Hoc Group’s decision to change the date of that meeting to 15 to 19 December.

The eleventh meeting of the Ad Hoc Group of Experts on International Cooperation in Tax Matters (Geneva, 15-19 December) [E/2004/51] discussed mutual assistance in the collection of tax debts and a protocol for mutual assistance procedures; treaty shopping and treaty abuses; interaction of tax, trade and investment; financial taxation and equity market development; transfer pricing; cross-border interest income and capital flight; e-commerce and developing countries; revision of the United Nations Model Double Taxation Convention and the Manual for the Negotiation of Bilateral Tax Treaties; and the institutional framework for strengthening international cooperation in tax matters.

Transport

Maritime transport

The Review of Maritime Transport 2003 [Sales No. E.03.II.D.10] stated that world seaborne trade rebounded slightly in 2002, reaching 5.88 billion tons after a 2001 contraction. The annual growth rate was 0.8 per cent compared to a negative 1 per cent in 2001.

The world merchant fleet expanded to 844.2 million deadweight tons (dwt) at the end of 2002, an increase of 2.3 per cent. New building deliveries were up by an impressive 8.4 per cent to 49 million dwt, and tonnage broken up and lost increased by 9.7 per cent to 30.5 million dwt, leaving a net gain of 18.5 million dwt. The fleets of oil tankers and dry bulk carriers together made up 71.6 per cent of the total world fleet. The fleet of oil tankers increased by 6.6 per cent, while that of dry bulk carriers increased by 1.9 per cent. There was a 7.4 per cent increase to 82.8 million dwt in the container fleet and a 2.1 per cent increase to 19.5 million dwt in the liquefied gas carriers fleet. Registration of ships by developed market-economy countries and major open-registry countries accounted for 25.7 and 47.2 per cent, respectively, of the world fleet. Open registries saw their tonnage contract by almost 1 per cent and two thirds of that beneficial fleet was owned by market economies and developing countries. Developing countries’ share of the world fleet was 20.3 per cent, or 171.3 million dwt, of which 126.9 million dwt was registered in Asia.

Transport of dangerous goods


The report stated that the Committee had adopted amendments to the twelfth revised edition of the Recommendations on the Transport of Dangerous Goods: Model Regulations and to the Recommendations on the Transport of Dangerous Goods: Manual of Tests and Criteria. Both revisions had been published by the secretariat.

Following the events of 11 September 2001 [YUN 2001, p. 60], the Committee had developed and adopted new security provisions for inclusion in the Model Regulations that were intended to minimize theft and misuse of dangerous goods, especially "high-consequence" dangerous goods. The Committee also adopted the final version of the Globally Harmonized System of Classification and Labelling of Chemicals, which would become operational by 2008, in accordance with the Johannesburg Plan of Implementation, adopted by the 2002 World Summit on Sustainable Development [YUN 2002, p. 821].

The Committee adopted a programme of work for the 2003-2004 biennium and recommended a draft resolution on its work for adoption by the Council (see below).


By decision 2003/309 of 25 July, the Economic and Social Council took note of the Secretary-General’s report on the work of the Committee of Experts.

ECONOMIC AND SOCIAL COUNCIL ACTION

On 25 July [meeting 49], the Economic and Social Council adopted resolution 2003/64 [draft: E/2003/46] without vote [agenda item 13 (0)].
Work of the Committee of Experts on the Transport of Dangerous Goods and on the Globally Harmonized System of Classification and Labelling of Chemicals

The Economic and Social Council,
Having considered the report of the Secretary-General on the work of the Committee of Experts on the Transport of Dangerous Goods and on the Globally Harmonized System of Classification and Labelling of Chemicals during the biennium 2001-2002,
A. Work of the Committee regarding the transport of dangerous goods
Recognizing the importance of the work of the Committee for the harmonization of codes and regulations relating to the transport of dangerous goods,
Bearing in mind the need to maintain safety standards at all times and to facilitate trade, as well as the importance of this to the various organizations responsible for modal regulations, while meeting the growing concern for the protection of life, property and the environment through the safe transport of dangerous goods, including their security in transport,
Noting the increasing volume of dangerous goods being introduced into worldwide commerce and the rapid expansion of technology and innovation,
1. Expresses its appreciation for the work of the Committee with respect to matters relating to the transport of dangerous goods, including their security in transport;
2. Requests the Secretary-General:
(a) To circulate the new and amended recommendations on the transport of dangerous goods to the Governments of Member States, the specialized agencies, the International Atomic Energy Agency and other international organizations concerned;
(b) To publish the thirteenth revised edition of the Recommendations on the Transport of Dangerous Goods: Model Regulations and the fourth revised edition of the Recommendations on the Transport of Dangerous Goods: Manual of Tests and Criteria in all the official languages of the United Nations, in the most cost-effective manner, not later than the end of 2003;
(c) To make these publications available on the web site of the Economic Commission for Europe, which also provides secretariat services to the Committee, and to make them available also on CD-ROM;
3. Invites all Governments, the specialized agencies, the International Atomic Energy Agency and the other international organizations concerned to transmit to the secretariat of the Committee their views on the work of the Committee, together with any comments that they may wish to make on the amended recommendations;
4. Requests the Secretary-General to submit a report on the status of the effective implementation of the Model Regulations on the Transport of Dangerous Goods by Member States and international organizations on a worldwide level;
B. Work of the Committee regarding the Globally Harmonized System of Classification and Labelling of Chemicals
Bearing in mind that, pursuant to paragraph 19.27 of Agenda 21, the Inter-Organization Programme for the Sound Management of Chemicals has cooperated for a decade with the International Labour Organization, the Organisation for Economic Co-operation and Development and the Subcommittee of Experts on the Transport of Dangerous Goods to develop a globally harmonized hazard classification and compatible labelling system for chemicals,
Bearing in mind also that the Subcommittee of Experts on the Globally Harmonized System of Classification and Labelling of Chemicals was created pursuant to resolution 1999/65 to make the Globally Harmonized System available worldwide, to keep it up to date and to promote and monitor its implementation,
Noting with satisfaction that the Committee could reach consensus on the Globally Harmonized System after consideration of a draft consolidated by the Inter-Organization Programme for the Sound Management of Chemicals on the basis of input from the Subcommittee of Experts on the Transport of Dangerous Goods, the International Labour Organization and the Organization for Economic Co-operation and Development,
Aware that, in paragraph 23 (c) of the Plan of Implementation of the World Summit on Sustainable Development ("Johannesburg Plan of Implementation"), the World Summit encouraged countries to implement the Globally Harmonized System as soon as possible with a view to having the System fully operational by 2008,
Also aware that the General Assembly, in its resolution 57/253 of 20 December 2002, endorsed the Johannesburg Plan of Implementation and requested the Economic and Social Council to implement the provisions of the Plan relevant to its mandate and, in particular, to promote the implementation of Agenda 21 by strengthening system-wide coordination,
Aware of and recognizing the significance of the United Nations Institute for Training and Research/International Labour Organization/Organisation for Economic Co-operation and Development Global Partnership for Capacity-building to Implement the Globally Harmonized System for building capacities at all levels to achieve the 2008 target,
1. Expresses its deep appreciation to the Committee and other organizations concerned for their fruitful cooperation;
2. Requests the Secretary-General:
(a) To publish the Globally Harmonized System of Classification and Labelling of Chemicals in all the official languages of the United Nations, in the most cost-effective manner, and to circulate it to the Governments of Member States, the specialized agencies and the other international organizations concerned as soon as possible and no later than 2004;
(b) To consider disseminating the Globally Harmonized System as a CD-ROM;
(c) To make the Globally Harmonized System available on the web site of the secretariat of the Economic
Commission for Europe, which also provides secretarial services to the Committee;
3. Invites all Governments to take the necessary steps, through appropriate national procedures and/or legislation, to implement the Globally Harmonized System, as soon as possible and no later than 2008;
4. Reiterates the call for support to developing countries in strengthening their capacity of the sound management of chemicals by providing technical and financial assistance;
5. Invites the regional commissions, United Nations programmes, the specialized agencies and other organizations concerned to provide feedback to the Subcommittee of Experts on the Globally Harmonized System of Classification and Labelling of Chemicals;
6. Invites Governments, the regional commissions, United Nations programmes, the specialized agencies and other organizations concerned to provide feedback to the Secretary-General to submit a report on the status of implementation of the Globally Harmonized System;
7. Requests the Secretary-General to submit a report on the status of implementation of the Globally Harmonized System;
8. Encourages Governments, the regional commissions, United Nations programmes, the specialized agencies and other relevant international organizations, in particular industry, to support implementation of the Globally Harmonized System and capacity-building activities in developing countries and countries in transition by providing financial contributions and/or technical assistance;
C. Programme of work of the Committee
Taking note of the programme of work of the Committee for the biennium 2003-2004 as contained in paragraphs 29 to 31 of the report of the Secretary-General;
Noting the relatively poor representation of experts from developing countries and countries with economies in transition in the work of the Committee and the need to ensure their wider participation in its work,
1. Decides to approve the programme of work of the Committee;
2. Stresses the importance of the participation of experts from developing countries as well as countries with economies in transition in the work of the Committee, calls, in this regard, for voluntary contributions to facilitate their participation, including through support for travel and daily subsistence allowance, and invites Member States and international organizations in a position to do so to contribute;
3. Notes the recommendations of the Committee regarding staff resources and invites the General Assembly to consider this issue in the context of its review of the proposed programme budget for the biennium 2004-2005;
4. Requests the Secretary-General to submit a report to the Economic and Social Council in 2005 on the implementation of the present resolution.

UNCTAD institutional and organizational questions

In 2003, the Trade and Development Board (TDB)—the executive body of UNCTAD—held its twentieth (27 January) special session, its thirty-first (10 March) and thirty-second (28 July) executive sessions, and its fiftieth (6-17 October) session [A/58/15], and the first part of its thirty-third (23 September) executive session [A/59/15]. All sessions took place in Geneva.

In January, at its twentieth special session, the Board adopted a decision [dec. 476(S-XI)] on the financing of the participation of experts from developing countries and countries with economies in transition in UNCTAD expert meetings (see p. 997). In March, it adopted a decision on the preparations for UNCTAD XI, to be held in 2004 [dec. 475(EX-31)], and took note of the reports of its subsidiary bodies (see above).

In March, TDB adopted a decision on the languages for official documentation of the IT Joint Advisory Group [dec. 475(EX-31)]. It also considered preparations for UNCTAD XI and reports of its subsidiary bodies.

In July, TDB considered activities undertaken by UNCTAD in favour of Africa and in support of the New Partnership for Africa’s Development (NEPAD) (see p. 937), preparations for UNCTAD XI and reports on the activities of its subsidiary bodies.

In September, it continued consideration of the financing of the participation of experts from developing countries and countries with economies in transition.

In October, TDB adopted agreed conclusions on the review of progress in the implementation of the Programme of Action for LDCs for the Decade 2001-2010 [agreed conclusions 476(L)] (see p. 870); and on economic developments in Africa: issues of Africa’s trade performance [agreed conclusions 477(L)] (see p. 966). It adopted a decision on review of technical cooperation activities of UNCTAD [dec. 478(L)] (see below). It also considered UNCTAD’s assistance to the Palestinian people (see p. 504), the preparatory process for UNCTAD XI, the law on international trade (see p. 1374) and the report of the Meeting of Eminent Persons on Commodity Issues (see p. 977).

Technical cooperation

In a July report [TD/B/50/2 & Add.1.2], the UNCTAD Secretary-General provided an overview of technical cooperation activities in 2002,
which continued to emphasize capacity-building. Major programmes in order of expenditure were the Automated System for Customs Data (ASYCUDA), investment policies and capacity-building, the Debt Management and Financial Analysis System (DMFAS), trade negotiations and commercial diplomacy, trade logistics, technology and enterprise, and trade and environment. Expenditures totalled $2.18 million, a 5.9 per cent decrease in delivery compared to 2001, due to a drop in expenditures on UNDP-supported projects and projects financed by the UN Development Fund. Of the total, $3.4 million was financed by UNDP, $15.3 million from trust fund contributions and $3.1 million from the programme budget.

By region, approximately $3.02 million went to Africa, $3.9 million to Asia and the Pacific, $2.01 million to Latin America and the Caribbean, $1.01 million to Europe and $1.18 million to inter-regional projects. LDCs’ share of technical cooperation expenditures decreased to 29 per cent compared to 43 per cent in 2001.

By programme, services infrastructure for development and trade efficiency accounted for 36.7 per cent of total expenditures; international trade in goods and services, and commodities, 20.1 per cent; investment, technology and enterprise development, 19.5 per cent; and globalization and development strategies, 12.9 per cent. The balance (8.8 per cent) was represented by cross-divisional advisory services (4.8 per cent), the Office of the Special Coordinator for Least Developed, Landlocked and Island Developing Countries (1.7 per cent), and executive direction and management (4.3 per cent).

**Technical cooperation strategy**

In May [TD/B/WP/161], the UNCTAD secretariat reported on consultations with member States, in response to requests of the Working Party on the Medium-term Plan and the Programme Budget at its thirty-ninth session [YUN 2002, p. 970] and TDB, in decision 472(XLIX) [ibid., p. 969], on integrating into UNCTAD’s technical cooperation strategy elements of the thematic evaluation on capacity-building [ibid., p. 970]. The consultations resulted in an understanding that the issues emanating from the evaluation should be dealt with in the context of a new strategy for technical cooperation. It was agreed that the 1997 technical cooperation strategy [YUN 1997, p. 959] should be updated and reinforced by incorporating elements from the recommendations of the thematic evaluation of capacity-building. It was proposed that a draft of a new strategy of UNCTAD technical cooperation be prepared and submitted to the September session of the Working Party for consideration.

The Working Party, at its forty-first session (15-19 September) [TD/B/50/12], had before it the draft technical cooperation strategy of UNCTAD [TD/B/50/7], which set out UNCTAD’s operational activities to address the problems of trade and development in an era of globalization and liberalization, emphasizing the development of human, institutional, productive and export capacities of developing countries and economies in transition, particularly LDCs, with a view to supporting poverty reduction policies and the achievement of the MDGs [YUN 2000, p. 51]. It also had before it an UNCTAD secretariat note on capacity development [TD/B/50/9], submitted in response to TDB decision 472(XLIX), which discussed definitions of capacity-building/development: elements relevant for UNCTAD’s conceptual framework for capacity development; the goals and instruments of UNCTAD’s capacity development; and the specific capacity development needs of LDCs.

The Working Party adopted a draft decision for consideration by TDB.

On 10 October [A/58/15 (dec. 478(L))], TDB recommended that the secretariat implement the strategy for UNCTAD’s technical cooperation activities, the text of which was attached to its decision, taking into account the ideas contained in the secretariat note on capacity development (see above). It invited the secretariat to further strengthen coordination among its different entities with a view to integrated approaches and through dissemination of the strategy among its staff, particularly project managers. TDB also invited the secretariat to report on the strategy and its implementation to UNCTAD XI in 2004 and promote it among donors and beneficiary countries.

**Evaluation**

In August, an independent team submitted an evaluation of UNCTAD’s trade, environment and development programme [TD/B/WP/165], which aimed to build capacity to handle WTO negotiation issues, and trade and environment issues of importance to developing countries. While the programme’s activities, such as workshops and seminars, were considered to be good, the lack of follow-up was a weakness, and follow-up were weak, outreach was not as good as intended and both beneficiaries and donors had difficulty in obtaining information about the programme and had experienced varying standards of service. It was recommended that the programme create a vision and strategy for its work, develop a communication strategy, work out measurable performance indicators, undertake internal staff training, improve follow-up, pay attention to the value chain,
improve outreach and plan how to withdraw after completion of activities.

At its forty-first session [TD/B/50/12], the Working Party on the Medium-term Plan and the Programme Budget endorsed the recommendations contained in the evaluation report and encouraged the secretariat to make further improvements. It should submit a progress report to the Working Party’s forty-third session in 2004.

TD/B, in October [A/58/15], endorsed the conclusions of the Working Party.

**Participation in expert meetings**

TD/B, at its twentieth special session (Geneva, 27 January) [A/58/15], continued its 2002 consideration [YUN 2002, p. 971] of the financing of the participation of experts from developing countries and countries with economies in transition in UNCTAD expert meetings. In consideration [A/58/15 (dec. F/HS-XX)], the Board, noting that funding would cover the participation of 10 experts at each of eight expert meetings per annum, selected according to geographical distribution, beneficiary needs and expertise, agreed, on an experimental basis, to finance the participation of experts in UNCTAD expert meetings from extrabudgetary contributions and from a reserve fund in the event such contributions were insufficient. It decided that funds currently available to finance participation in expert meetings should constitute the reserve fund; the process of obtaining extrabudgetary contributions should begin immediately; funding for each expert meeting should be secured not later than three months prior to the meeting; if sufficient funding was not available, use should be made of the reserve fund; and it would discuss the working of the scheme, including its replenishment, in September, and regularly thereafter, based on an evaluation by the UNCTAD Secretariat-General, in the light of criteria established by TD/B at its nineteenth (2002) special session [YUN 2002, p. 971].

At the first part of its thirty-third executive session (23 September) [A/59/15], the UNCTAD secretariat, in a 17 September note [TD/B/EX(33)/2], stated that by the end of September the participation of 58 experts in six expert meetings would have been financed. Since only one pledge of an extrabudgetary contribution ($10,000) had been received so far, all six expert meetings had been financed from the reserve fund. The balance in the fund, which totalled $29,000 at the beginning of 2003, stood at $45,822 (including the pledge). The reserve fund was likely to be depleted by the end of the year, the first year of the scheme, and financing to fund the participation of experts in 2004 was uncertain. The experimental scheme based on extrabudgetary contributions, agreed to by TD/B in January, did not seem to meet the requirement of providing a long-term solution for predictable and regular financing of participation in expert meetings. TD/B would therefore have to consider other means of replenishing the reserve fund and ensuring extrabudgetary contributions for 2004 if it wished to continue the experimental scheme.

The UNCTAD Deputy Secretary-General informed the Board that the secretariat’s note had omitted to mention a pledge of 100,000 euros made in 2002, before the introduction of the scheme for financing the participation of experts, and which would finance those experts for 2004 and beyond. However, there were no funds to finance the 70 per cent of experts who did not come from LDCs. He suggested the use of regular budget resources as one option to fund the scheme, since previous options proposed, such as using unspent project balances, would not produce enough resources to sustain it.

TD/B decided to suspend its session and requested the President to hold informal consultations with interested delegations on the matter.

**Medium-term plan and programme budget**

The UNCTAD Working Party on the Medium-term Plan and the Programme Budget held two sessions in 2003, both in Geneva.

At the first part of its fortieth session (13-17 January) [TD/B/EX(40)/2], the Working Party reviewed proposals for the draft programme budget on trade and development for the 2004-2005 biennium [UNCTAD/EDM/Misc.241/Rev.1]. In agreed conclusions, it concurred with the revised text and considered that the work programme should take into account the outcome of the Fifth WTO Ministerial Conference (see p. 1535), the results of UNCTAD XI (2004) and other relevant UN meetings. It encouraged the UNCTAD secretariat to further develop its cooperation with other relevant UN organizations, WTO and the Bretton Woods institutions. It stressed that, as a cross-cutting issue, the question of LDCs should be further integrated in all UNCTAD sub-programmes. The Working Party requested the secretariat to consider compiling internally, on a specific web site, the main country and regional data on UNCTAD technical assistance programmes to complement the UNCTAD database on bilateral technical assistance, including through a link with the Organisation for Economic Co-operation and Development/WTO database on trade-related capacity-building, and report to the Working Party at its forty-first session.

It supported the efforts of African countries in the framework of the implementation of the objectives of NEPAD [YUN 2002, p. 907]. It invited member States to contribute to a better definition...
of indicators, particularly qualitative indicators, and encouraged further interaction between the secretariat and member States.

In March [A/58/15], TDB took note of the Working Party’s report on the first part of its fortieth session and endorsed the agreed conclusions.

At the second part of its fortieth session (21-22 May) [TD/B/EX(32)/3], the Working Party reviewed the draft programme budget on trade and development for the 2004-2005 biennium [A/56/6 (Sect. 12)] and concurred with the programmatic content. In agreed conclusions, the Working Party emphasized the importance of UNCTAD’s role in implementing the outcomes of major international conferences and of its assistance to member States in implementing the WTO post-Doha work programme and NEPAD. It also emphasized the importance of the Least Developed Countries Report and requested TDB to consider publishing that report annually.

In July [A/58/15], TDB took note of the Working Party’s report on the second part of its fortieth session and endorsed the agreed conclusions.

At its forty-first session [TD/B/50/12], the Working Party approved a draft decision for adoption by TDB on technical cooperation (see p. 995); a decision on the in-depth evaluation of the technical assistance programme on trade, environment and development (see p. 996); and agreed conclusions on the progress report on the implementation of the second phase of UNCTAD’s web site (see below).

**UNCTAD web site**

At its forty-first session [TD/B/50/12], the Working Party on the Medium-term Plan and the Programme Budget welcomed the new functionalities of UNCTAD’s web site. It requested the secretariat to develop the Newsroom facility for sessional documents and to make documents available to missions in a secure manner. It should also develop a web information diffusion policy, particularly with regard to embargoed and restricted documents, to ensure immediate and full access to all documents by member States. The secretariat should enhance the search facility of its web site and consider organizing a briefing session for delegates on the best use of the web site.

**Preparations for UNCTAD XI**

At its thirty-first executive session (10 March) [A/58/15], TDB asked its President to conduct consultations, with a view to reaching agreement on the substantive agenda item for UNCTAD XI, to be held in 2004, specific themes to be taken up within the framework of the agenda item, and the arrangements for the preparatory process. It requested the UNCTAD Secretary-General, for the purpose of those consultations, to present proposals in that regard. TDB set the end of April as the deadline for reaching agreement.

At the Board’s thirty-second executive session (28 July) [A/58/15], the UNCTAD Deputy Secretary-General reported that both substantive and logistic preparations for UNCTAD XI were proceeding apace. Efforts were currently concentrated on the secretariat’s submission, the first part of which would provide a historical perspective and assess global developments since UNCTAD X [YUN 2000, p. 890], while the second part, intended to serve as a basis for negotiations, would outline the issues involved, provide policy options and suggest how UNCTAD could contribute in its future work.

At its fiftieth session (6-17 October) [A/58/15], TDB approved the draft provisional agenda for UNCTAD XI. The substantive agenda item was established as: enhancing coherence between national development strategies and global economic processes towards economic growth and development, particularly of developing countries. The Board also established an open-ended Preparatory Committee for UNCTAD XI, under the chairmanship of the Board’s President.

The Preparatory Committee, at its first session (Geneva, 15-16 November) [TD/(XI)/PC/2], considered a submission by the UNCTAD Secretary-General entitled “Preparations for UNCTAD XI” [TD/(XI)/PC/1], in which he gave a historical perspective of trade and development and presented the pre-conference text, which discussed the sub-themes: development strategies in a globalizing world economy; building productive capacity and international competitiveness; assuring development gains from the international trading system and trade negotiations; and partnerships for development. Annexed to the document were proposed arrangements for collaboration between UNCTAD and civil society organizations prior to and during the conference. The Preparatory Committee decided to discuss the sub-themes in a committee of the whole from 17 to 21 November and 4 to 5 December.

**UNCTAD Secretary-General**

By decision 57/417 of 6 June, the General Assembly, on the proposal of the Secretary-General [A/57/109], confirmed the extension of the appointment of Rubens Ricupero as Secretary-General of UNCTAD for a period of one year, from 15 September 2003 to 14 September 2004.