UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Division on International Trade in Goods and Services, and Commodities

ACTIVITY REPORT

2006

UNITED NATIONS
New York and Geneva, 2007

Major outputs and lessons learnt

Note by the UNCTAD secretariat

Executive summary

UNCTAD is the focal point of the United Nations for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development. Within UNCTAD, the Division on International Trade in Goods and Services, and Commodities is responsible for its programme on international trade. This activity report for 2006 is the third annual report by the Division, to facilitate review by member States and other interested entities. It provides an overview of the Division's areas of focus in 2006 on international trade, detailed information on an illustrative list of outputs and activities delivered, and an assessment of the results achieved and lessons learned that can be applied to improve the quality, effectiveness and impact of programme implementation.

The delivery of outputs and activities by the Division advances UNCTAD's programme on international trade. This programme was established by the United Nations General Assembly under subprogramme 3 (International Trade) of Section 12 (Trade and Development) of the United Nations programme budget for 2006–2007, and the Spirit of São Paulo and the São Paulo Consensus of UNCTAD XI. Information on progress in 2006 towards realizing the overall objective of subprogramme 3 on assuring development gains from international trade, trade negotiations and commodities is provided in chapter I. Then information on progress towards meeting each of the five expected accomplishments (intermediate goals) of subprogramme 3, achieved by the relevant branch of the Division, is provided in chapters II (trade negotiations), III (trade analyses), IV (commodities), V (competition and consumer policies) and VI (trade and environment).

UNCTAD/DITC/MISC/2006/14

CONTENTS

Chapter		Page
I.	OBJECTIVE OF THE SUBPROGRAMME ON INTERNATIONAL TRADE	1
II.	TRADE NEGOTIATIONS AND COMMERCIAL DIPLOMACY BRANCH	7
	A. Major outputs and activities	7
	(1) Intergovernmental deliberations and consensus-building	7
	(2) Participation in WTO-related activities	9
	(3) Technical documentation	9
	(4) Advisory services, technical assistance and capacity-building	10
	(5) Cooperation with other organizations	15
	B. Assessment and lessons learned	15
III.	TRADE ANALYSIS BRANCH	17
	A. Major outputs and activities	17
	(1) Intergovernmental deliberations and consensus-building	17
	(2) Technical documentation	19
	(3) Advisory services, technical assistance and capacity-building	20
	(4) Cooperation with other organizations	21
	B. Assessment and lessons learned	22
IV.	COMMODITIES BRANCH	23
	A. Major outputs and activities	23
	(1) Intergovernmental deliberations and consensus-building	24
	(2) Technical documentation	24
	(3) Advisory services, technical assistance and capacity-building	25
	(4) Cooperation with other organizations	29
	B. Assessment and lessons learned	29
V.	COMPETITION AND CONSUMER POLICIES BRANCH	33
	A. Major outputs and activities	33
	(1) Intergovernmental deliberations and consensus-building	33
	(2) Technical documentation	34
	(3) Advisory services, technical assistance and capacity-building	35
	(4) Cooperation with other organizations	36
	B. Assessment and lessons learned	37
VI.	TRADE, ENVIRONMENT AND DEVELOPMENT BRANCH	39
	A. Major outputs and activities	39
	(1) Intergovernmental deliberations and consensus-building	39
	(2) Participation in WTO-related activities	40
	(3) Technical documentation	42
	(4) Advisory services, technical assistance and capacity-building	42
	(5) Cooperation with other organizations	44
	B. Assessment and lessons learned	45

I. OBJECTIVE OF THE SUBPROGRAMME ON INTERNATIONAL TRADE

To assure developmental gains from international trade, the trading system and trade negotiations in goods and services and to enhance the commodity sector's contribution to the development process for the effective and beneficial integration of developing countries and countries with economies in transition in the global economy. (Objective of the subprogramme 3, Table 12.15 (A/60/6 Sect. 12)).

1. The subprogramme on international trade falls under the responsibility of the Division on International Trade in Goods and Service, and Commodities (Division hereafter). The Division is composed of the Office of the Director and five Branches, namely: Commodities; Competition and Consumer Policies; Trade Analysis; Trade, Environment and Development; and Trade Negotiations and Commercial Diplomacy. The 2006–2007 programme budget provided the subprogramme (Division) with a budget for the biennium of $23,084,600 [1] of which $22,443,700 is for funding of 84 regular budget posts and $650,900 under non-post requirements for consultants and experts, travel of staff and contractual services for editing and printing of publications and technical material.

2. UNCTAD XI in 2004 resulted in the adoption of the Spirit of São Paulo, and the São Paulo Consensus emphasized the *qualitative integration* of developing countries, as well as countries with economies in transition, into the international trading system. Consistent with this emphasis, embodied in the São Paulo Consensus' sub-theme on "assuring development gains from the international trading system and trade negotiations" (paragraphs 95 to 108), important accomplishments were attained in 2006 from an integrated array of analytical, technical and intergovernmental consensus building activities, greater in-house collaboration that added value to UNCTAD-wide outputs, and cooperation with United Nations organizations, international and national organizations, academia, the private sector and civil society.

3. In respect of ***trade and Millennium Development Goals*** (MDGs), awareness and understanding were strengthened in developing countries and countries with economies in transition on the contribution of international trade to the achievement of MDGs, setting the basis for more informed pro-poor trade and development policymaking and negotiations. Activities of UNCTAD widen, and deepened efforts to create a body of knowledge and skills on utilizing trade as an instrument of economic growth, transformation, and development.

4. Areas addressed through implementation of a Development Account project on Trade and MDGs included environmental requirements in export markets, WTO negotiations on environmental goods and services, organic agriculture, and commodity production and trade in promoting the MDGs specifically for African countries. Three regional workshops were conducted in 2006 on (a) the "Integration of Millennium Development Goals in Trade policy in the Commodity sector" for African countries (Dakar, 29 May – 1 June), organized in collaboration with the Government of Senegal and the University of Dakar; (b) maximizing the contribution of organic agriculture to the achievement of MDGs in the Asia-Pacific region (Bangkok, 18–19 October); and (c) liberalization of environmental goods and services and its contribution to fulfilling MDGs in the Asia-Pacific region (Bangkok, 19-20 October).

5. The MDGs were highlighted in the Division's support for the WTO Doha negotiations, mainstreaming trade issues into national trade and wider development processes, including through public–private partnerships, biotrade, competition policy and others. Countries assisted through technical missions included Papua New Guinea, the Philippines (see Box 1), African countries, and countries with economies in transition. Under the UNCTAD/DFID/India Project on Strategies and Preparedness for Trade and Globalization in India, UNCTAD continued to assist the Government of India (Ministry of Commerce) in engaging national stakeholder dialogue on the Doha negotiations and developing pro-poor

[1] This accounts for 20.5% of the total UNCTAD budget for the biennium of $112,530,900 (A/60/6 sect. 12).

strategies to take advantage of emerging trade opportunities. Following a management review of the project in January 2006, project activities have emphasized supply capacity-building in trade sectors with a strong poverty reduction dimension, namely agriculture, marine products, SMEs, textiles and clothing and retail services.

Box 1. Expression of appreciation for UNCTAD's work on trade and MDGs

On the meeting on Enhancing Philippine Public–Private Partnerships for Trade and Development, Including through Accomplishment of the MDGs (25–26 October 2006, Manila):
"The meeting generated significant interest among all development stakeholders and led to an additional informal meeting in Manila between representatives from the DFA, this mission, and civil society. Indeed, I am pleased to inform you that the principal outcome of those meetings was the formation of a mechanism entitled the United Front for Development, which will serve as one of the cornerstones for the substantive preparatory processes in the Philippines for UNCTAD XII, among others."
Enrique A. Manalo, Permanent Representative, Philippine Mission to the United Nations, Geneva, in a fax dated 14 November 2006.

6. An informal brainstorming session (Geneva, 31 January), immediately following the Sixth WTO Ministerial Conference, was convened and examined how the Doha Round could live up to its development promise. It was moderated by UNCTAD's Secretary-General and brought together some 150 participants, including the Ministers of Trade of Benin and Lesotho, representatives of the Minister of External Relations of Brazil and EC Trade Commissioner, as well as Geneva-based trade negotiators. The Division also contributed to Evian Group deliberations, and the UK Seminar on Asia 2015: Promoting Growth, Ending Poverty (March). Various contributions were made by the Division to analytical reports on internationally agreed development goals, including the MDGs (see Box. 5). The Division provided updates on the Doha negotiations to the Secretary-General of UNCTAD and the Secretary-General of the UN.

7. ***In respect of South–South trade***, the Division strengthened its traditional support for South–South trade, including analyses, in taking advantage of and building upon its emerging new dynamism and geography, and thus following up on the Doha Declaration and Plan of Action of the Second South Summit. The *Global System of Trade Preferences among Developing Countries (GSTP)* provides an ideal instrument for developing countries, including LDCs, to secure preferential market access to the growing markets in the South. The GSTP Project of UNCTAD provided technical and administrative support to the GSTP Agreement, the GSTP Committee of Participants and the third round of GSTP negotiations (see Box 2).

Box 2. GSTP third round of negotiations

The GSTP negotiations, launched in June 2004 on the occasion of UNCTAD XI, focused on two issues: (1) techniques for exchanging tariff concessions that would lead to the objective of substantial trade liberalization (across-the-board, line-by-line, linear reduction formula combined with request-and-offer and sectoral negotiations); and (2) improvement and modernization of rules of origin of GSTP products (current rules were negotiated in the 1980s). The GSTP Negotiating Committee met at senior-official level (Geneva, 11–12 December) and decided to conclude the negotiations by the end of 2007, including through finalizing work in the two areas of negotiations. The GSTP received a boost with the accession, in November, of Mercosur, comprising Argentina, Brazil, Paraguay and Uruguay. LDCs that apply for accession to the GSTP Agreement in 2007 will be invited to participate in the negotiations.

8. With a view to providing trade financing for South–South trade, the *Global Network of Export-Import Banks and Development Finance Institutions (G-NEXID)* was created in March 2006, with UNCTAD support. G-NEXID (which currently has 11 national and regional members serving more than 70 countries) will serve as a global forum for these institutions to work together to promote South–South trade and development finance cooperation, creativity and research, networking opportunities, and the exchange of information on best practices in trade and project finance. The focus was on the establishment of G-NEXID in Geneva, including finalizing its legal status, finding office space, and development of a website and work plan.

9. The Division initiated work on networking with RTAs. Analytical and advisory support was

provided to South–South initiatives. It provided analysis on "IBSA: An emerging trinity in the new geography of international trade" and technical inputs to the India–Brazil–South Africa Business Summit (Brasilia, 12 September) in support of efforts, as reflected in the declaration of the first summit of Heads of Government of the IBSA initiative (Brasilia, 13 September), to work towards an India–Mercosur–SACU Trilateral Free Trade Area while continuing the India–Mercosur and Mercosur–SACU negotiations. UNCTAD also provided technical support to the development of the New Asian African Strategic Partnership (NAASP). Assistance was provided to SACU States in the SACU–EFTA negotiations, and to SADC and COMESA in developing services agreements. An effort was made to promote pro-development competition policy in RTAs via dissemination of the findings of an UNCTAD/IDRC publication on "Competition Provisions in Regional Trade Agreements (RTAs): How to Assure Development Gains" (discussed later).

10. ***In respect of technical assistance and capacity-building,*** the Division's programmes benefit from financial support from donors, which has been useful in strengthening and widening impact in developing countries in all regions, with a focus on LDCs and Africa, as well as countries with economies in transition. The Division's expenditures in 2005 on technical assistance amounted to $8.88 million, which is double the 2002 level (about $4.4 million) and accounted for 29 per cent of total UNCTAD expenditure for that year.[2] This level of support helped UNCTAD to better meet the capacity-building needs and requests of developing countries and countries with economies in transition. Such activities were praised, as evidenced by the replies to the evaluation questionnaires distributed during events and recent external evaluations. The staff of the Division lectured to visiting students and other visitors to UNCTAD, and participated as resource persons in a large range of events organized by other entities which helped share UNCTAD's accumulated knowledge and initiatives on trade as an engine of growth and development among policymakers, practitioners, experts, donors and youth.

11. However, it should be noted that demands for targeted assistance in trade in goods, services and commodities continue to exceed the assistance that can be provided by the Division within its available resources. Hence, the Division is strengthening collaboration with other parts of UNCTAD and cooperation with other agencies in delivering some activities, to leverage and make best use of its limited resources. At the same time, the provision of financial assistance by donors to existing and new projects is crucial in enhancing the Division's capacity to respond to and address the multiplying needs and requests on a timely and sustained basis and at an adequate level.

12. The Division contributed to UNCTAD-wide servicing of three regional Training (paragraph 166) Courses on Key Issues on the International Economic Agenda in 2006 for countries of West Asia (26 June–13 July, Beirut), Eastern Europe (18 September–6 October, Belgrade), and Asia and Pacific (13 November–1 December, Bangkok). It provided training on (i) the world commodity economy; (ii) selected WTO agreements; and (iii) competition law and policy in promoting development.

13. The Division's technical cooperation programmes benefited from financial support from donor countries, including Canada, Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, Norway, Spain, Sweden, Switzerland and the United Kingdom; some developing countries (e.g. to the GSTP); and institutional donors such the Common Fund for Commodities, the EU, UNDP, UNEP, the United Nations Foundation, the Standards and Trade Development Facility, and the United Nations Development Account. Also, many activities have been implemented through cooperative arrangements with countries, institutions, private sector, academia and NGOs. The Division gratefully acknowledges these contributions.

14. ***Regarding the Aid for Trade Initiative***, the Division contributed to UNCTAD-wide efforts in advancing the conceptualization,

[2] "Review of the Technical Cooperation Activities of UNCTAD" (TD/B/WP/188, 14 July 2006), table 3. The 2006 data will become available in 2007.

operationalization and implementation of the initiative. It organized in Geneva (21–22 March) a conference on aid for trade (in collaboration with the Commonwealth Secretariat). It was attended by over 300 participants, and a paper was presented by Nobel laureate Professor Joseph Stiglitz.[3] The outcome of the conference[4] helped prepare many countries for the deliberations of the WTO Aid for Trade Task Force. The Division also coordinated UNCTAD-wide efforts in providing written inputs to the Task Force on lessons learned from UNCTAD's experience in trade-related technical assistance. It played an active role in assisting several groupings of developing counties in the elaboration of their submissions, corresponding to their particular situations and needs, for the Task Force. For example, it contributed to the Retreat of African Ambassadors, Negotiators and Stakeholders on the WTO Aid for Trade Initiative (Montreux, April). Following the submission of the Task Force report (27 July) as well as the endorsement of its recommendations by the WTO General Council (10 October), the Division worked to facilitate the implementation of the recommendations. The Trade and Development Board discussed the aid for trade initiative at its Mid-term Review of UNCTAD XI and affirmed that UNCTAD should play an important role in its implementation.[5] The Division participated in an OECD Dialogue with non-Member Countries on Aid for Trade. It has been helping developing countries to develop a road map for implementing those parts of the Task Force recommendations addressed to them.

15. Each year the ***Commission on Trade in Goods and Services, and Commodities*** allows UNCTAD member States to discuss burning issues in international trade from a development perspective, and build consensus on possible policies and measures to enhance the beneficial participation of developing countries in the international trading system. The tenth session of the Commission (6–10 February) examined topical issues on commodities and development; market access, market entry and competitiveness; trade in services and development implications; and trade, environment and development.[6] Policy notes in each of these fields, provided by the Division, facilitated the intergovernmental deliberations.[7] Also, a high-level event discussed UNCTAD's "Trade and Development Index", published in its report on "Developing countries in international trade 2005".[8] It reviewed the implementation of its agreed conclusions, based on a report by the Division[9] and its 2005 Activity Report.[10] The Commission agreed on the topics for expert meetings for 2006 as (1) universal access to services, (2) participation of developing countries in new and dynamic sectors of world trade: review of the energy sector, (3) enabling small commodity producers and processors of developing countries to reach global markets, and (4) logistic services as an ad hoc expert group meeting.

16. The Commission considered the reports of expert meetings held in 2005 on: (a) methodologies, classifications, quantification and development impacts of non-tariff barriers (TD/B/COM.1/EM.27/3) (5–7 September); (b) dynamic and new sectors of world trade (TD/B/COM.1/EM.28/5) (24–26 October) on three sectors of electronics, marine products, and steel and related specialty products; and (c) distribution services (TD/B/COM.1/EM.29/3) (16–18 November).

17. The Division commenced preparations for the eleventh session of the Commission (19–23 March 2007).

[3] "Aid for Trade" (March 2006), Joseph E. Stiglitz and Andrew Charlton.

[4] "Aid for Trade: Report on a Conference Organized by UNCTAD and Commonwealth Secretariats" (UNCTAD/DITC/2006/1).

[5] TD/B(S-XXIII)/7 (Vol. I): paragraphs 18(m), 38(g) and 46(e)(iii).

[6] See the "Report of the Commission on Trade in Goods and Services, and Commodities, on its tenth session "(TD/B/COM.1/80), particularly the Chairman's summary of the deliberations.

[7] "Commodity policies for development: A new framework for the fight against poverty" (TD/B/COM.1/75), "Market access, market entry and competitiveness" (TD/B/COM.1/76), "Trade in services and development implications" (TD/B/COM.1/77), and "Trade, environment and development" (TD/B/COM.1/70).

[8] UNCTAD/DITC/TAB/2005/1.

[9] TD/B/COM.1/78.

[10] UNCTAD/DITC/MISC/2005/21.

18. The ***Mid-term Review of UNCTAD XI***, conducted by the Trade and Development Board in three parts in 2006, (a) evaluated implementation of the outcomes of UNCTAD XI (8–11 May); (b) strengthened UNCTAD's role in each of its three pillars (12–16 June); and (c) conducted a high-level policy dialogue on UNCTAD, development and the way forward (3–10 October). The Division contributed to UNCTAD-wide support to member States in undertaking the Mid-term Review through participation in preparing background documents and supporting member States' deliberations, including high-level policy dialogue, and summarizing the deliberations. It also assisted, upon request, the Group of 77 and China, in its preparations. The positive outcome of the Mid-term Review (TD/B(S-XXIII)/7 (Vol. I)) provides important directions for UNCTAD's work on international trade, which the Division will put into practice in the period ahead.

19. In 2006, the Division contributed to the important outcome of the ***Working Party on the Medium-Term Plan and Programme Budget*** at its 46th session (28–29 June) on the UNCTAD section of the Proposed United Nations Strategic Framework for the period 2008–2009, in setting the developmental objective of the subprogramme on international trade; and at its 47th session (11–15 September) on review of technical cooperation activities and an in-depth evaluation of the technical assistance programme implemented by the Division on WTO accession. UNCTAD's work on WTO accession received very positive evaluation by independent evaluators and commendation by the Working Party (discussed in the next chapter).

20. For the 53rd session of the ***Trade and Development Board*** (27 September–2 October and 10 October), the Division contributed inputs to the preparation of documents and supported the servicing of the meeting. These included inputs to UNCTAD's reports on: (a) 2001–2005 UNCTAD-wide activities in implementing the programme of action for LDCs for the decade 2001–2010 (TD/B/53/3); and (b) UNCTAD's contribution, within its mandate, to the implementation of, and to the review of progress made in the implementation of, the outcomes of the major UN conferences and summits (TD/B/53/6). The Division substantively prepared and serviced the deliberations on the Doha negotiations (see next chapter). It provided inputs to UNCTAD's report on "Activities undertaken by UNCTAD in favour of Africa" (TD/B/EX(39)/2), for the Board's deliberations at its 39th executive session (30 June).

21. Furthermore, upon request, the Division contributed to UNCTAD-wide engagement with civil society, coordinated by UNCTAD's Civil Society Outreach Unit.

22. The Division is the convener of the ***Working Group on Trade of the Executive Committee on Economic and Social Affairs (EC-ESA)***, composed of UNCTAD, DESA, UN Regional Commissions, UNEP and UNDP. It meets to enhance cooperation and synergy in UN's work on international aid and support to developing countries and countries with economies in transition. In 2006, the Working Group members produced with the UNU-CRIS a joint World Report on Regional Integration, and discussed the UN's role in the Aid for Trade initiative, South–South cooperation and implications of the suspension of the Doha negotiations. The Working Group also discussed the preparation of the UN programme budget for 2008–2009, including sharing their strategic frameworks and identifying several joint outputs. It submitted reports on its work to the meetings of Principals of EC-ESA. UNCTAD also coordinated the joint preparation of a common UN vision on international trade and sustainable development for the UN Secretary-General through the Policy Committee (and contributed to a similar effort on migration). It coordinated reporting on follow-up implementation by EC-ESA agencies on this common UN approach.

23. The Division contributed, on international trade, to the work of the High-Level Committee on Programmes (HLPC) of the UN System Chief Executives Board for Coordination.

24. Several press conferences, and press releases and e-briefs, disseminated information to the public on the activities of the Division. The Division's reports were widely disseminated in meetings, technical assistance activities and over the Internet.

II. TRADE NEGOTIATIONS AND COMMERCIAL DIPLOMACY BRANCH

Improved understanding and better ability of developing countries to analyse, formulate and implement appropriate trade policies and strategies in international trade, the international trading system and trade negotiations and improved capacity to meet the challenges of market access and entry conditions for developing countries' exports (Expected accomplishment (a) of subprogramme 3, Table 12.15 (A/60/6 Sect. 12)).

25. The Trade Negotiations and Commercial Diplomacy Branch helped to clarify the development dimension of the Doha negotiations, including in respect of meeting the MDGs, and specifically in key areas of the negotiations following the Sixth WTO Ministerial Conference. After the suspension of the Doha negotiations, the Branch facilitated intergovernmental deliberations in reiterating commitment to the multilateral trading system and seeking early resumption. Through its integrated analytical, technical cooperation and intergovernmental activities, the Branch helped in moving multilateral and regional trade negotiations forward, especially in assisting countries in making informed decisions and building confidence and consensus on how to ensure that trade negotiations and their results have a positive impact on people's lives. The Branch's innovative work on trade in services produced analyses and policy conclusions that provide important reference material for developing countries and the international community. Countries in the process of acceding to the WTO or in the post-accession phase received tailor-made and comprehensive assistance from the Branch, which helped them to manage the complex negotiations and attendant adjustments.

A. Major outputs and activities

26. The Branch systematically mainstreams development into international trade and trade negotiations through intergovernmental deliberations and consensus-building, research and analysis, and technical assistance and capacity-building activities. Its outputs in these areas have included multilateral negotiations under the Doha agenda, including timely and targeted support for Geneva-based negotiators; WTO accession; regional negotiations among developing countries; negotiations between developing countries and developed countries, especially in the ACP–EU context; services sector development; trade preferences; dispute settlement; and human, institutional and regulatory capacity development.

(1) <u>Intergovernmental deliberations and consensus-building</u>

- *United Nations General Assembly*

27. Each year the UN General Assembly discusses progress and key issues in international trade and development and adopts a resolution delineating its views on these issues. Since the launching of the WTO Doha round of multilateral trade negotiation in 2001, the General Assembly has paid particular attention to reviewing progress in the negotiations. In this context, the Branch prepares the annual UN Secretary General's report on "International Trade and Development" to inform the General Assembly. The 2006 report (A/61/227) highlighted negotiating and policy issues in the Doha negotiations in the light of the Sixth WTO Ministerial Conference and their suspension in July. UNCTAD participated in the plenary discussions of 61st session of the General Assembly on the subject and subsequently liaised with the New York Office of UNCTAD to support negotiations on a resolution that was adopted (A/RES/61/186). The resolution, inter alia, expresses serious concern over the suspension of the Doha Round and calls for expeditious resumption of the talks. It also stresses the need for the WTO to live up to the development imperatives in the negotiations.

- *Commission on International Trade in Goods and Services, and Commodities, and expert meetings*

28. The Branch participates in the preparation and servicing of the annual sessions of the Commission on Trade in Goods and Services, and Commodities. For its tenth session, the Branch prepared a policy note entitled "Trade in services and development implications"

(TD/B/COM.1/77). It identified challenges facing developing countries in strengthening domestic supply capacity, undertaking services sector reform and carrying out services assessment. The Branch presented to the Commission its assessments of trade in services on the basis of sectoral studies conducted in Ecuador, El Salvador, Indonesia, Jordan and Kenya. Different methodologies were reviewed and new approaches suggested for the future work. Statistical data limitations were highlighted, and necessary actions sought from the international community to improve services data availability. The Branch also briefed the Commission on its analyses on the emergency safeguard mechanism and subsidies in services. Participants discussed the possible gains and concerns arising from services trade liberalization as garnered from the assessment of trade in services by UNCTAD, and emphasized the importance of a better understanding of development implications of services through increased attention to key development parameters. The Branch also assisted in briefing the Commission on the report of the Expert Meeting on Distribution Services [11] (16–18 November 2005), and the ad hoc expert meeting on insurance services (24 November 2005).

29. The Branch prepared and serviced the Expert Meeting on Universal Access to Services (14–16 November). The experts' deliberations were based on UNCTAD's note on "Universal access to services" (TD/B/COM.1/EM.30/2). It analyses key characteristics of essential services sectors and universal access; national experiences and specific policy tools for ensuring access to universal services; how national policies differ across countries and sectors, and what can be done at the international level to increase access; the role of the Government and private sector in these services; and linkages between universal access policies and negotiations under the GATS. The experts' deliberations generated new insights into improving access for the poor to essential services by weaving together a conceptual understanding of universal access issues and policies; government policy related to access, privatization and regulation; and international policy in the context of GATS. Participants placed particular emphasis on harnessing services trade as a tool for improving universal access. The discussions are summarized in the meeting's report (TD/B/COM.1/EM.30/3).

30. The Branch further prepared and serviced the ad hoc Expert Meeting on Logistic Services (13 July). The meeting drew upon the background paper prepared by the Branch on "Trade and development aspects of logistic services" (TD/B/COM.1/AHM.1/2). It highlights key issues relating to trade and liberalization in logistic services. The experts' deliberations highlighted the active role of Governments at the national level and in multilateral negotiations to maximize the benefits from trade in logistics services for developing countries. The discussions are summarized in the meeting's report (TD/B/COM.1/AHM.1/3).

- *Trade and Development Board*

31. Since 2002, the Trade and Development Board has reviewed, built confidence and fostered consensus on developments and issues in the WTO Doha negotiations of particular concern to developing countries. The Branch prepares for and services these debates. The 53rd session of the Trade and Development Board conducted a comprehensive review of the results of the Sixth WTO Ministerial Conference, the progress since then and implications of the suspension of the negotiations in July. UNCTAD's note on the "Review of developments and issues in the post-Doha Work Programme of particular concern to developing countries" (TD/B/53/5) facilitated the deliberations. It was praised by delegations. UNCTAD's Secretary-General and the WTO Director-General provided keynote addresses that also facilitated the deliberations.

32. There emerged from the deliberations, as reflected in the President's summary (TD/B/53/L.6), a common emphasis on an early resumption of the suspended negotiations. To this end, all countries had the responsibility to demonstrate renewed political will and additional flexibilities commensurate with their capacity to restart the round, but the key players needed to play the leadership role. It was also

[11] TD/B/COM.1/EM.29/3.

stressed that the round's suspension should not lead to a lowering of ambitions regarding its development dimension. The role that UNCTAD can and should play in bringing the Doha negotiations back on track was recognized. The participation of many member States in the deliberations indicated the usefulness and unique value of the Board's review in facilitating independent and objective assessment that builds confidence and consensus on the Doha negotiations, the multilateral trading system and its potential for the attainment of internationally agreed development goals, including the MDGs.

- *Working Party on the Medium-Term Plan and the Programme Budget*

33. The 47th session of the Working Party (11–15 September) conducted an evaluation of UNCTAD's technical cooperation programme on accession to the WTO, which is implemented by the Branch. The evaluation and review by the Working Party were quite encouraging, and stressed the strengthening of this programme. The evaluation was conducted by an independent evaluation team comprising Mr. Supperamaniam Manickam (former Ambassador and Permanent Representative of Malaysia to WTO); Mr. Fredrik Arthur (Permanent Mission of Norway); and Mr. Nagib Hamim (Permanent Mission of Yemen). Their report on "Evaluation of UNCTAD's trade-related technical assistance and capacity building on accession to the WTO" (TD/B/WP/190) positively concluded, inter alia, that UNCTAD is "...strategically positioned to empower acceding countries to better define their trade objectives and integrate them effectively into their development plans, advance their interests in international trade negotiations, monitoring and enforcement, shape and sequence international regulatory practices, and take advantage of the trading opportunities of the multilateral trading system" (paragraph 55). See also Box 3 on the impact of the programme.

34. The Working Party discussed the evaluation and in its agreed conclusions,[12] inter alia, welcomes with satisfaction the recommendations of the evaluation and requests the Secretary-General of UNCTAD to implement the recommendations within UNCTAD's mandate (contained in paragraph 56 of the evaluation report).

Box 3. Expression of appreciation for the impact of UNCTAD's programme on accession to the WTO

Mr. Fredrik Arthur, Counsellor, Permanent Mission of Norway (Geneva) and one of the team of independent evaluators, in an e-mail dated 18 September 2006, stated as follows: "I am also very happy to have had the opportunity to see UNCTAD deliver and perform so well on the country level. The reality we have met in interviews and meetings with a large number of actors and stakeholders in Geneva and what we have learned in the five countries we visited is certainly very different from 'the meeting-room reality' in Geneva. UNCTAD does make a difference, a message I have conveyed to my capital in capital letters."

(2) Participation in WTO-related activities

35. The Branch continued to participate in, report on, and provide contributions when requested, to meetings of WTO bodies. These included the General Council, the Goods Council and its subsidiary bodies, the Services Council, the TRIPS Council, the Committee on Trade and Development, the Sub-Committee on LDCs, the Committee on Regional Trade Agreements, the Textiles Monitoring Body, the WTO accession meetings, and the Trade Policy review body.

(3) Technical documentation

36. In addition to the above-mentioned documentation, the following thematic, sector and country-specific analyses were prepared (or commissioned) by the Branch and utilized in national and regional negotiation forums and trade policy considerations:

- *National services assessment:* Several studies were carried out, examining the policy and regulatory frameworks as well as the impact of the liberalization of trade in services in developing countries generally and on a sector-specific basis,

[12] See Chapter I(B) of the "Report of the Working Party on the Medium-term Plan and the Programme Budget on its forty-seventh session" (TD/B/WP/191).

with emphasis on poverty reduction. National sectoral studies have been concluded for Andean countries, Ecuador, Kenya, Indonesia, Jordan, Madagascar, Senegal and Cameroon. Other studies are currently in preparation for countries in Latin America, Central Africa (Congo and Democratic Republic of the Congo), and the member States of SADC. These assessments are being implemented with the contribution and exchange of experience with other regional, international organizations as well as NGOs.

- *Region and country specific analyses* :
  - "Developments and issues in the Doha Work Programme of particular interest to Arab countries, in the context of the Millennium Development Goals" (UNCTAD/DITC/TNCD/2005/9);
  - "Trade Negotiations and Africa Series, No. 3: Policy issues for African countries in multilateral and regional trade negotiations" (UNCTAD/DITC/TNCD/2006./6);
  - "Zambia and the MTS" (UNCTAD/DITC/TNCD/2005/16);
  - "Botswana and the MTS" (UNCTAD/DITC/TNCD/2005/17);
  - Malawi and the MTS" (UNCTAD/DITC/TNCD/2005/18).
- Contribution of policy analyses on the international trading system and trade negotiations for reports of the UN Secretary-General on follow-up to the Millennium Declaration and the Monterrey Consensus.

(4) Advisory services, technical assistance and capacity-building

37. With extrabudgetary support from donors, the Branch has developed and implements a large number of technical assistance and capacity-building projects for developing countries, especially LDCs and African countries, as well as countries with economies in transition.

38. ***WTO Doha negotiations and regional trade agreements:*** UNCTAD assisted developing countries in their preparations for participation in the *Doha negotiations* on modalities for agriculture, NAMA, services and development issues, among others, following up on the outcome of the Sixth WTO Ministerial Conference. These included substantive contributions to the African Union Conference of Ministers of Trade (Nairobi, April); a consultation meeting for Asian and Pacific LDCs on the Doha negotiations (Geneva, June); technical meetings and seminars organized for individual countries (such as Botswana, Malawi, Mozambique, Cameroon, Mali, Senegal, Mauritania and Zambia) or country groups such as LDCs. The Branch continued to provide support on the FTAA negotiations to Latin American countries, and regional trade negotiations among developing countries.

39. The Branch assisted Geneva-based trade negotiators, upon request, on an individual or group basis on trade negotiation issues of interest to them, particularly on agriculture, NAMA, services, LDCs-specific issues, small economies and development issues. Important capacity-building support was provided, including in services negotiations (see below).

40. ***Joint Integrated technical Assistance Programme to Selected Least Developed and Other Developing Countries (JITAP):*** As part of its capacity-building support on the multilateral trading system, the Branch participates in implementing JITAP, with WTO and ITC. The programme's assistance to beneficiary African countries (Botswana, Cameroon, Malawi, Mali, Mauritania, Mozambique, Senegal and Zambia) enabled them to play a proactive role in the post-Hong Kong Ministerial Conference Doha negotiations and to strengthen their institutional, human and entrepreneurial capacities to negotiate, implement and take advantage of WTO Agreements. Close collaboration and coordination with WTO and ITC is an integral aspect of this programme. Activities under JITAP included the following:

- High-level workshop on the Doha negotiations of inter-institutional committees (Geneva, 24–26 July) attended by 32 capital-based senior trade officials

and other stakeholders.[13] They reviewed developments in the Doha negotiations and identified key trade and development issues for JITAP countries in agriculture, including cotton, services, non-agricultural market access, trade facilitation and development issues;

- Regional workshop on "The multilateral trading system and the role of gender, civil society organizations and the media" (Accra, 28–30 November), which deliberated on key multilateral trading system issues and their developmental impact. It was attended by 60 capital-based trade officials, representatives from the media, civil society and gender-related organizations.[14]
- Support for national retreats of multi-stakeholder national inter-institutional committees to strategize on the outcome of the Sixth WTO Ministerial Conference and the Doha trade negotiations, and to monitor implementation of and adjustment to WTO Agreements. Country-specific analyses were prepared to inform the trade policy community of key issues in the WTO. These included, as noted previously, studies on Zambia, Botswana and Malawi.
- Substantive and financial support for specialized national thematic workshops and supporting technical missions on the Doha negotiations in requesting beneficiary countries;
- Supported the WTO (with ITC) in the setting up of MTS reference centre and national enquiry points in Botswana, Cameroon, Mali, Malawi, Mauritania, Mozambique, Senegal and Zambia. This support, which involved training and installation of library software, was provided by the Central Statistics and Information Retrieval Branch of UNCTAD's Division on Globalization and Development Strategies. For each country, UNCTAD provided (a) a general introduction and demonstration of the UNCTAD website with a brief overview of UNCTAD, including on the online information resources available in the different parts of the site and sub-sites; (b) UNCTAD documentation content and structure; (c) UNCTAD online databases; and (d) other possibilities for document retrieval sources such as the UN Official Documents System (ODS), the UNCTAD Reference Library online catalogue, the UN Library Catalogue and other university libraries. An open source library management system (PMB)[15] is installed and two days' training in its utilization is provided. This software allows the Reference Centre to catalogue and classify the information in hard-copy format, electronic format, CD-ROMs, periodicals and selected websites. Once the information is catalogued it can be easily retrieved and disseminated on the web, by e-mail, and so forth.
- Supported Botswana in improving its trade policy, the implementing government agency, namely the Department of Commerce within the Ministry of Commerce and Industry, and the national trade negotiation consultative body.

41. An external evaluation of JITAP was conducted between February and July 2006. The evaluation report commended the programme, identified areas of improvement and recommended the continuation of JITAP into a third phase. The current phase of JITAP will expire in 2007. The evaluation report was considered at a meeting of the JITAP Common Trust Fund Steering Group in October 2006.

42. ***Support on WTO accession:*** This is a major area of UNCTAD's technical assistance programme through which 19 acceding countries, including all acceding LDCs, are being assisted. This work, which is particularly resource-intensive, includes assistance on WTO accession negotiations before, during and after accession, implementation and policy, and regulatory reform. The main donors to WTO accession programme are Germany, Norway and the

[13] From Botswana, Cameroon, Malawi, Mali, Mauritania, Mozambique, Senegal and Zambia, as well as Benin, Burkina Faso, Kenya, and Uganda.

[14] From Benin, Botswana, Burkina Faso, Cameroon, Côte d'Ivoire, Ghana, Kenya, Malawi, Mali, Mauritania, Mozambique, Senegal, United Republic of Tanzania, Tunisia, Uganda and Zambia.

[15] (PhpMyBibli) (www.pmbservices.fr).

United Kingdom. UNCTAD's work on WTO accession was evaluated positively by independent evaluators and commended by the Working Party on the Medium-term Plan and Programme Budget, as noted previously.

43. Assistance provided included technical advice, training of officials in WTO-related issues, procurement of IT equipment, and the provision of specialized consultancy services in specific areas to assist negotiating teams. Technical and advisory missions were undertaken, for example to Bhutan, Sudan, the Islamic Republic of Iran, Afghanistan, Bosnia and Herzegovina, Serbia, Timor-Leste, Algeria, the Lao People's Democratic Republic and Yemen to assist them in their preparations, including for meetings of their Working Party, or with accession-related documents. Intensive training sessions were organized in Geneva and in the capitals for members of the negotiating team on managing the Working Party on Accession.

44. A workshop on accession issues was organized in Azerbaijan (6–8 September) for all acceding SPECA countries, [16] with the participation of other recently acceded and acceding countries to share experiences, and representatives of the private sector and civil society. Assistance through training and technical advice was provided to Cambodia in post-accession adjustment as well as on the consistency between domestic regulatory frameworks and WTO commitments, while enhancing national trade and development goals.

45. ***Development of trade in services***: UNCTAD's innovative work on trade in services in terms of ground-level support and country- and sector-specific assessments have helped countries with assessing the contribution of services, reforming the sector with an emphasis on development, including strengthening access to essential services, and generating important data and reference material for multilateral and regional trade negotiations. This includes:

- Technical assistance to developing countries on GATS negotiations, focusing on the request/offer negotiations under Article XIX of the GATS, and on rule-making negotiations;
- Specialized group training on negotiating skills in services negotiations;
- Customized assistance to individual delegations and collectively to a number of developing countries on issues of common interest, including during regional meetings of such groupings as SADC, Andean Community, the land-locked developing countries, ASEAN, the African Group and regional meetings of Latin American countries. In addition, a consultation meeting for LDCs to examine the way forward in the services negotiations from their development perspective was organized in November;
- Monitoring and analysing different proposals submitted in GATS negotiations, both on specific commitments and rule-making in the areas of domestic regulation and subsidies (while gathering data on them), and sharing these reviews with countries at their request.
- Advisory services to developing countries in building services supply capacities, promoting services policy formulation at the sectoral level and in overall terms, and defining strategies for services negotiations at the national, regional and multilateral levels, and at the interface between regional services negotiations and GATS negotiations. For example, advisory missions were conducted in Bolivia, Uruguay, Peru and Ecuador to assist those countries with the definition of a national strategy for services negotiations at the multilateral and regional levels. Several high-level seminars and workshops were also organized on the interface between Latin American regional integration and GATS negotiations at the multilateral level;
- Reinforcing assessment of trade in services, supporting intergovernmental deliberations and advancing awareness on topical services issues (mentioned earlier);
- Profiling issues pertaining to the ongoing international debate on GATS negotiations in the area of temporary movement of

[16] UN Special Programme for the Economies of Central Asia. Seven countries are members of the UN SPECA, namely Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

natural persons supplying services (Mode 4). In addition, UNCTAD is directly involved in the collaborative work on migration among international organizations. It chaired the newly created Global Migration Group for three months; contributed to a workshop on labour migration (March) and the International Symposium on International Migration and Development (June), in the run-up to the High-Level Dialogue on Migration (September). UNCTAD participated in and contributed to relevant analyses and meetings organized on migration by, for example, the International Organization for Migration, the WTO, the World Bank and UN bodies such as ECOSOC;

- Organization of a workshop on services (Geneva, 27 June), jointly with OECD, for trade negotiators and policymakers on the current GATS negotiations, and particularly the request-offer process and sector-specific negotiations such as those relating to logistics and related services, construction and related engineering services, and energy services;
- Continuing to develop the *Measures Affecting Services Trade (MAST)* database system for undertaking cross-country, cross-sectoral analysis of legal information related to GATS. Its primary objective is to facilitate the potential users' cross-sector and cross-country comparisons on legal measures applied to services including law, regulations and the like, as defined by Article XXVIII of GATS. Currently, MAST is a web-based interactive application where users can log on to the website and extract relevant information. There is also an editing and administrative interface via the web.

46. ***ACP–EU negotiations on economic partnership agreements (EPAs)***: The ACP-EU negotiations on EPAs entered a decisive stage in 2006 with the drafting of negotiating texts on the architecture of EPAs based on the agreed regional configurations among the ACP States and between them and the EU. UNCTAD provided expert and advisory services, as well as organizing strategy sessions on these negotiations, upon request, for the ACP States and through events organized by other agencies. The following can be cited:

- Support to the ACP Group of States in Geneva on issues interfacing the Doha negotiations and EPAs negotiations, including the developmental aspects of WTO rules on regional trade agreements relating to North–South agreements;
- Participation in an initiative of the Commonwealth Secretariat to facilitate open dialogue between Commonwealth ACP States and EU members on the development priorities and concerns of ACP States. The Branch provided expert advice on areas of interface between WTO Doha negotiations and EPA negotiations to several brainstorming events for Commonwealth ACP States;
- Substantive contribution to various events, including ECA meeting on adjustment effects of proposed EPAs on African countries (Cairo, 18–19 September); the South Centre's meeting on "EC–ACP trade relations: The development challenges of EPAs" (Brussels, 12 October); and the ACP technical meeting on Doha and EPA negotiations (Brussels, 29 November) in preparation for the ACP Heads of States Summit in December 2006.
- Assistance to African trade negotiators on Doha negotiations and EPA negotiations in reviewing the particular development concerns and priorities of African countries. The Branch commissioned analysis on the "Development interface between the WTO, EPA and regional negotiations for African countries".[17] It served as the basic document for a regional workshop organized by UNCTAD and UNDP for African countries on the development interface between WTO, EPAs and African regional negotiations (Mbodiène, Senegal, 20–22 November). The workshop brought together 40 senior trade officials and negotiators from African countries from capitals, Brussels and Geneva, as well as UN and other organizations.[18]

[17] See UNCTAD/DITC/TNCD/2006/6.

[18] Participants from Angola, Benin, Botswana, Burkina Faso, Cameroon, Côte d'Ivoire, Gabon,

Subsequently, UNCTAD disseminated the outcome of the workshop to the ACP technical meeting noted above.

47. ***Support to SADC Regional Integration and Multilateral Trading System***: The Branch has been implementing this project, with EU support, for member countries of SADC. The project provides technical assistance in institution- and capacity-building on services assessment and negotiations to the SADC Secretariat, the SADC Trade Negotiation Forum and SADC policymakers and trade negotiators.

48. The Branch supports services assessments and preparations for (a) regional negotiations with a view to developing a regional framework on services trade; (b) participation in WTO GATS negotiations; and (c) the challenges associated with parallel negotiations between SADC and the EU on EPAs. In the implementation of the project, synergies are created with the Southern African Customs Union and the Common Market of Eastern and Southern Africa. The expertise and knowledge of the member countries' trade officials in services negotiations were strengthened through activities including the organization of 14 national training workshops and seminars in all the member countries; commissioning of national assessment studies in priority services sectors and technical papers on issues relevant to SADC services regional integration; and provision of ad hoc working materials and studies addressing specific issues and problems identified during regional and multilateral negotiations. A SADC Trade Negotiating Forum was organized by UNCTAD with the SADC Secretariat (20–21 July, Mauritius). It reviewed developments in the WTO and progress in EPAs negotiations, and discussed work on elaborating the SADC services framework.

49. ***Generalized System of Preferences (GSP)***: UNCTAD continued promoting awareness and understanding among developing countries on better utilizing preferences available under the GSP through regular provision of information on the dedicated website, publication of handbooks on the GSP schemes and providing other technical and administrative services. The handbooks on the GSP schemes of Japan and Turkey were prepared and updated, and several other GSP handbooks and a study on rules of origin are in preparation. The UNCTAD GSP database was continuously updated on the basis of primary data submitted by the GSP donor countries. It provides useful information on trade under various GSP schemes, including their utilization rate. Data are currently available up to 2005 for Japan, the EU and the United States, and up to 2004 for Canada.

50. ***Dispute settlement in international trade, investment and intellectual property:*** The Branch continued to develop knowledge and skills and to contribute to strengthening institutional capacities in developing countries to deal with dispute settlement in international trade, investment and intellectual property. It produced and disseminated 40 training modules in five areas, namely (a) trade and investment dispute settlement in international law in general; (b) ICSID[19]/World Bank dispute settlement in the field of international investment; (c) WTO dispute settlement as regards international trade in goods, services and intellectual property; (d) WIPO dispute settlement (including its arbitration and mediation centre); and (e) international commercial arbitration (UNCITRAL dispute settlement). Also, it provided training on dispute settlement to government officials, lawyers and trade negotiators, academics, legal practitioners, lawyers representing trade associations, corporations and law firms, and business people from developing countries. Over 100 governmental and non-governmental professionals participated in two national workshops in Asia (Indonesia, 29–30 May) and South America (Suriname, 7 August).

51. ***Open meetings on WTO panel and Appellate Body rulings***: The Branch pursued its

Kenya, Malawi, Mauritania, Mauritius, Mozambique, Senegal, South Africa, United Republic of Tanzania, Zambia and Zimbabwe; Belgium; and UNCTAD, UNDP (New York, Dakar and Johannesburg offices), AU, ECA, CEMAC, Commonwealth Secretariat, TRALAC (Trade Law Centre for Eastern and Southern Africa) and EC (Senegal).

[19] International Centre for Settlement of Investment Disputes.

series of interactive and open meetings (in Geneva) aimed at making WTO panel and Appellate Body rulings more accessible to trade negotiators and affected stakeholders. A lunch-time meeting was organized to discuss the panel report on *EC-Trademarks and Geographical Indications*. Speakers included academics and practitioners working on international trade, as well as delegates and staff from inter-governmental organizations in Geneva.

52. ***TRIPS-related issues***: The Branch provided legal and policy advice to developing countries, upon request, on negotiations in TRIPS-related issues in the WTO, and conducted research and analysis on issues related to intellectual property and development. It provided assistance on intellectual-property-rights-related regulatory reform to countries negotiating their accession to the WTO.

53. The Branch also contributed to implementation of activities organized by other Divisions of UNCTAD, including the ***Paragraph 166 courses***, providing training on WTO Agreements, and activities of the ***Integrated Framework*** for LDCs.

54. Finally, the staff of the Branch undertook ***advisory missions*** and made presentations at events on trade policy and trade negotiations, including retreats in the vicinity of Geneva.

(5) Cooperation with other organizations

55. The Branch maintains a wide network of cooperating partners with which it collaborates in promoting development issues in trade policy and trade negotiations. Thus, for example, it provided policy analyses on the international trading system and trade negotiations for reports prepared by UN departments on follow-up to the Millennium Declaration, the Monterrey Consensus, and the World Economic and Social Survey. In several of its capacity-building programmes on the multilateral trading system, such as JITAP, it cooperates closely with the WTO and ITC. It partners with the WTO in its WTO-accession-related work as well. The Branch services UNCTAD's partnership in the Global Migration Group, which is a network of international agencies active in migration issues.

56. Regular contacts and cooperation are maintained with UNDP, particularly through the Branch's involvement as a cooperating partner in the UNDP-financed Regional Programme for Trade Capacity Development for Sub-Saharan African Countries. Through this programme the Branch liaises with the UNDP Africa Bureau and the cooperating partners, including AU and ECA, as well as implementing and participating in capacity-building activities and in project steering committee meetings. The Branch's work on ACP–EU negotiations of EPAs has involved collaboration with a number of partners, including the ACP Group of States, the ACP Secretariat and its Office in Geneva, and the Commonwealth Secretariat. The Branch also cooperates with regional integration secretariats such as SADC and COMESA, and academic institutions and civil society organizations such as the Third World Network. The Branch maintains regular contacts and collaboration on services issues with the OECD. An extensive network of cooperation is also established with national trade institutions and trade policymakers. Regular contacts are also maintained with donors.

B. Assessment and lessons learned

57. Through its integrated analytical and capacity-building activities on multilateral and regional trade negotiations, the Branch has helped in moving multilateral and regional trade negotiations forward, assisted developing countries and countries with economies in transition in making informed decisions, and helped build confidence and consensus internationally on how to ensure that trade negotiations and their results promote development and have a positive impact on people's lives. It will strengthen this work further in line with the São Paulo Consensus and the relevant outcomes of the Mid-term Review.

58. The Branch continued to provide a comprehensive and balanced analytical review and assessment of developments in the Doha negotiations from the perspective of developing countries, as well as focused and timely technical assistance and capacity that is tailored and responsive to needs and priorities of beneficiary countries; and ensures that its

analyses and assistance are objective, evidence-based and development-focused. The positive evaluation of the Branch's work on WTO accession and the endorsement by the Working Party of this evaluation are illustrative of the development impact in countries of UNCTAD's assistance and the appreciation expressed by beneficiaries and donors.

59. The annual review of progress in the Doha negotiations by the Trade and Development Board was considered by member States to be particularly timely (especially following the suspension of the negotiations), useful and critical in raising awareness of developmental issues and reinforcing mutual confidence and understanding in respect of action needed to advance dialogue and (resumption of) negotiations in the Doha round. It underlined the importance of UNCTAD's normative function. Similar support for the UN General Assembly has helped to broaden awareness of the development implications of the Doha negotiations. Generally, UNCTAD's support for multilateral and regional trade negotiations, with its emphasis on the development dimension, is widely appreciated and solicited by developing countries and their organizations, and other entities.

60. The Branch's extensive network of cooperation with other entities has proved useful in successfully organizing events and widening the impact on beneficiary countries. Such cooperative arrangements will be strengthened, including intra-UNCTAD collaboration.

61. A key lesson in 2006, raised also in the evaluation of WTO accession programme, is that the Branch implements a diverse and large portfolio of projects, targeting the different and specific needs of developing countries while servicing intergovernmental deliberations. However, the resources available to the Branch are not sufficient to meet all the demands on a sustained basis. At the same time, a number of projects have ended and negotiations with donors for new funding or funding of new projects have been launched. It will be important for substantially increased resources to be provided to the Branch to be able to respond adequately to requests for assistance with trade policy and negotiations, and in providing adequate support to intergovernmental deliberations. This will be important in the next few years as a number of international trade negotiations are expected to be concluded and implementation of the resulting agreements and adjustment in countries will become a major concern. The Branch has to be strategically positioned to meets such needs and enable UNCTAD to make a difference and impact on the development of developing countries and countries with economies in transition.

III. TRADE ANALYSIS BRANCH

Strengthened analytical, statistical and information base for trade and trade-related decision-making at the national, regional and international levels (Expected accomplishment (b) of subprogramme 3, Table 12.15 (A/60/6 Sect. 12)).

62. The Trade Analysis Branch made major progress in strengthening analytical, statistical and information bases and tools for trade and trade-related decision-making, especially by developing countries, at the national, regional and international levels and for enhanced global understanding of interactions between trade, competitiveness and development. Major actions were taken on addressing non-tariff barriers (NTBs); sectoral review of the energy sector of world trade and follow-up on an UNCTAD–Royal Philips Electronics partnership on electronics and electricals in the SADC region; creative industries; refining the Trade and Development Index; contributing to advancing the Aid for Trade initiative; continued analytical and data support to member States in trade negotiations; quantitative monitoring and follow- up implementation of MDGs in the area of market access; and deeper analysis of South–South trade. The Branch continued to help define a distinct trade and development agenda for UNCTAD.

A. Major outputs and activities

63. The Branch's work on trade analysis emphasized existing and new areas in which it has comparative advantage. On market access issues, for example, UNCTAD's work broke new ground in the context of NTBs, and successfully resulted in the mobilization of the UN-system agencies and other relevant organizations for a coordinated and coherent approach to definition, classification and collection of NTBs data using UNCTAD's TRAINS database. In the area of new and dynamic sectors, analytical and operational activities of the Branch aimed to help developing countries put themselves on a faster track of trade performance and domestic value-added. Also, the Branch continued to strengthen its analytical work on South–South trade through, inter alia, monitoring the new geography and dynamics of world trade; monitoring and analysing changing patterns of developing countries' participation and share in international trade; identifying success factors, including private–public partnerships, and disseminating lessons learned; and encouraging South–South trade and economic integration.

(1) Intergovernmental deliberations and consensus-building

- *Commission on Trade in Goods and Services, and Commodities, and expert meetings*

64. The Branch contributed to the preparation and servicing of the tenth session of the Commission on Trade in Goods and Services, and Commodities (February 2006). It prepared a policy note on entitled "Market access, market entry and competitiveness" (TD/B/COM.1/76), which assisted the intergovernmental deliberations on tariffs affecting exports of developing countries, NTBs, competitive export performance and aid for trade. High tariffs, tariff peaks and tariff escalation were highlighted as continuing important concerns for developing countries since they affect the market access and market entry potential of their exports, as well as their competitiveness. UNCTAD was requested to continue and to strengthen its analytical work on these issues. Participants also discussed the sectoral review of dynamic and new sectors of world trade; they noted that LDCs and African countries have largely been bypassed by these sectors, and that this needs to be remedied through strengthened national and international efforts. The Aid for Trade initiative was raised and UNCTAD was requested to play an important role in its operationalization.

65. At its high-level segment, the Commission examined UNCTAD's new report, entitled "Developing Countries in International Trade 2005" (UNCTAD/DITC/TAB/2005/1), and its Trade and Development Index (TDI), prepared by the Branch, as a research and policy tool. The Commission expressed its appreciation for the TDI and called for it to be further refined. The

Branch also assisted in briefing the Commission on the report of the Expert Meeting on Dynamic and New Sectors of World Trade, held in 2005 and which related to electronics, marine products, and steel and related specialty products (TD/B/COM.1/EM.28/5).

66. The Branch facilitated the 2006 annual review by experts of the participation of developing countries in new and dynamic sectors of energy. The Expert Meeting on the Participation of Developing Countries in New Dynamic Sectors of World Trade: Review of the Energy Sector (29 November–1 December), took up three themes: adjusting to a changing energy economy; biofuels; and oil and gas in Africa and LDCs. The sectoral review provided broad guidance to key substantive areas of UNCTAD's work on energy issues. It was recommended by participants that energy, trade and sustainable development issues be kept high on UNCTAD's agenda. UNCTAD's background note entitled "Adjusting to recent changes in the energy sector: Challenges and opportunities" (TD/B/COM.1/ EM.31/2) facilitated the deliberations. Other reports were also prepared for the meeting. The report of the expert meeting (TD/B/COM.1/ EM.31/3) provides more details.

- *Group of Eminent Persons on Non-Tariff Barriers*

67. Against the backdrop of the growing significance of NTBs in market access and entry and their manifold developmental implications, and as a concrete follow-up to intergovernmental expert deliberations on NTBs in September 2005, the Secretary-General of UNCTAD established in May 2006 the Group of Eminent Persons on Non-Tariff Barriers (GNTB).[20] The Secretary-general has indicated his intention, in September 2005, to create the group. The group has the following terms of reference: (a) to make recommendations on the issues of definition, classification and quantification of NTBs; (b) to define elements of, and draw up a substantive work programme relating to, collection and dissemination of NTB data, with a special focus on issues and problems faced by developing countries; (c) to provide guidance on further strengthening of the TRAINS database; (d) to review and make recommendations on capacity-building and technical cooperation activities in favour of developing countries in the area of NTBs; (e) to provide policy advice on inter-agency collaboration and coordination on activities relating to NTBs; (f) to promote cooperation with the donor community; and (g) to prepare comprehensive recommendations on the follow-up to the work of the GNTB.

68. The GNTB held its first meeting in Geneva (12 July), and considered the nature and scope of its work, as well as organizational issues. It recommended that (i) the TRAINS database be used as the basis on which a more comprehensive database on NTBs would be created; (ii) NTBs data make a distinction between border and inside-border measures, and the application or otherwise of international standards also be taken into account; (iii) goods (manufactures and agriculture), with a focus on SPS and TBT measures, be covered in the database, while services would be considered in the longer run, but with some *de minimis* criteria to restrict coverage within a manageable limit; (iv) the database should contain enough documentation to facilitate quantification; and (v) the NTBs data in the strengthened TRAINS database should easily match other data, such as production and consumption data. The meeting also agreed to establish a multi-agency support team to provide technical material in support of substantive work of the GNTB (see Box 4).

[20] GNTB members are: H.E Mr. Alan Kyerematen, Minister of Trade, Ghana; Ms. Anne O. Kruger, Former First Deputy Managing Director of the International Monetary Fund; Mr. Rufus H. Yerxa, Deputy Director-General of the World Trade Organization; Mr. Dirk J. Bruinsma, Deputy Secretary-General of UNCTAD; Mr. L. Alan Winters, Director of Development Research Group at the World Bank; Professor Marcelo de Paiva Abreu, Professor of Economics at the Pontifical Catholic University of Rio de Janeiro; Professor Alan V. Deardorff, Professor of Economics and Public Policy at the University of Michigan; Mr. Amit Mitra, Secretary-General of the Federation of Indian Chambers of Commerce and Industry; and Mrs. Lakshmi Puri, Director, Division on International Trade in Good, Services and Commodities of UNCTAD and Member-Secretary of the GNTB.

Box 4. Multi-Agency Support Team on NTBs

At the invitation of the Secretary-General of UNCTAD, the following agencies agreed to be part of the Multi-Agency Support Team (MAST): the Food and Agriculture Organization of the United Nations; the International Monetary Fund; the International Trade Centre (UNCTAD/WTO); the Organisation for Economic Co-operation and Development; the United Nations Industrial Development Organization; the World Bank; and the World Trade Organization. UNCTAD and the World Bank act as co-convenors of the MAST. Its terms of reference includes making recommendations on definition, classification, methodologies and quantification of NTBs; examining ways and means to strengthen the TRAINS database in order to make it more comprehensive and to improve its public availability; making recommendations on inter-agency collaboration on NTBs; and preparing draft inter-agency strategies and actions for strengthening developing countries' capacities to deal with NTBs and to collect NTBs data The first meeting of the MAST was convened at the World Bank headquarters on 12 October 2006. The main points of the discussions related to definition of NTBs, classification, data collection and quantification. The meeting agreed on a number of follow-up actions: circulation of a questionnaire to the members of MAST concerning definition and classification of NTBs, information to be collected and validated, and inputs by each agency (to be done by UNCTAD); survey of existing NTB databases of IMF, OECD, USITC and the European Commission; formulating a pilot project proposal on collection and dissemination of data (to be done by UNCTAD); and preparing for the next meeting of the Support Team. The meeting successfully launched the multi-agency support team with active engagement of the participants, which augurs well for the work of the Eminent Persons; clarified a series of complex issues ranging from definition to collection of NTB data; and reconfirmed UNCTAD's leadership with regard to NTBs data. The establishment of MAST illustrates UNCTAD's leadership in effectively mobilizing inter-agency collaboration on an important subject and achieving a higher level of coherence and synergy.

(2) Technical documentation

69. The following are among the key technical reports prepared by the Branch or to which the Branch provided important inputs:

- "Developing Countries in International Trade 2006–2007" (TD/B/COM.1/84). This publication, the first edition of which was released in 2005, contains UNCTAD's Trade and Development Index. Extensive work was undertaken for conceptual, analytical and technical enhancement of the TDI, further to the deliberations at the tenth session of the Trade Commission. A strengthened index is presented in the 2006–2007 issue of the publication and, as requested by member States, the country coverage has been significantly expanded.
- A number of analytical studies on topical trade issues in the series "Policy issues in international trade and commodities" were produced, including:
  - "Smoke and mirrors: Making sense of the WTO industrial tariff negotiations" UNCTAD/ITCD/TAB/31);
  - "Roadblock to reform: The persistence of agricultural export subsidies" (UNCTAD/ITCD/TAB/33);
  - "A South-South survival strategy: The potential for trade among developing countries" (UNCTAD/ITCD/TAB/34);
  - "The global implementation of Basel II: Prospects and outstanding problems" (UNCTAD/ITCD/TAB/35).
- "The Millennium Development Goals Report 2006", prepared by the UN-wide Inter-agency and Expert Group on MDG Indicators (see Box 5).

Box 5. Inter-agency and Expert Group on MDG Indicators (IAEG)

UNCTAD is a member of the IAEG of the UN Secretariat. It contributed data and analysis for the update of MDG Indicators on Market Access, namely Indicator 38 (Proportion of total developed country imports from developing countries and least developed countries, admitted free of duty) and Indicator 39 (Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries). The *Millennium Development Goals Report 2006* was issued in June (it can be accessed at http://unstats.un.org/unsd/mdg/Resources/Static/Products/Progress2006/MDGReport2006.pdf).

- Analytical inputs into the *World Economic Situation and Prospects 2006*, published jointly with DESA and the regional

commissions. The Branch coordinated the parts on trends in international trade, trade policy developments, and commodity prices and markets.

- Contribution to the UN Secretary-General's report on "Follow-up to and implementation of the outcome of the International Conference on Financing for Development" (A/61/253).
- Contribution to a South Report, to be produced in 2007 jointly with the UNDP South–South Unit and other agencies.

(3) Advisory services, technical assistance and capacity-building

70. An important finding of the 2005 sectoral review of ***new and dynamic sectors***, which considered the electronics sector, was that the African continent has negligible participation in production and trade in this most dynamic sector. Following this sectoral review, UNCTAD and Royal Philips Electronics Corporation decided to collaborate to explore possibilities and prerequisites for establishing an energy-saving light-bulb industry in the SADC region. The Branch in collaboration with Philips and UNDP organized a regional conference in Pretoria (19–20 July) to consider ways to start investment, production and trade of energy-saving lamps in the SADC region. Following this conference, Philips undertook fact-finding missions to number of SADC countries, in which UNCTAD participated. At the time of preparing this report, consultations were going on with SADC countries on key policy considerations relating to the project. According to information provided by Philips, minimum market size is the most important factor for the viability of the project. Key issues to be addressed relate to a common customs tariff for the SADC region for CFL light bulbs; rules of origin; and technical standards. UNCTAD is assisting SADC countries in resolving these issues.

71. The Branch has elaborated project proposals and sought funding for the application of policy lessons flowing from intergovernmental deliberations on new and dynamic sectors.

72. ***Creative industries and creative economy*:** The Branch has been liaising and providing policy advice and technical assistance in supporting government initiatives to put in place multidisciplinary public policies and institutional mechanisms for enhancing the creative economy, particularly in Brazil, China, Jamaica, Rwanda and the United Republic of Tanzania. UNCTAD co-organized and/or contributed to international, regional or intergovernmental conferences (ACP Ministerial Meeting; Meeting of African Ministers of Culture; Mercosur Cultural Committee; Asian Cultural Forum) as well as in national forums or seminars presenting policy-oriented research examining market trends and the prospects for enhancing supply capacities and trade gains from dynamic creative products and services.

73. The Multi-Agency Dialogue Group on Creative Industries was set up by UNCTAD. It convened two meetings in 2006 to build synergies, enhance complementariness and avoid duplication among the UN agencies with competence in this area. The cooperating agencies are UNESCO, ILO, WIPO, ITC and the UNDP South–South Unit. UNCTAD has also started collaboration with the OECD secretariat and the UNESCO Institute for Statistics on issues related to measuring the impact of the creative industries for economic development. It has been proactive in facilitating the sharing of knowledge and best practices, forging strategic alliances and networking among Governments, creators, the business community and civil society through its quarterly e-newsletter "Creative Economy & Industries". The Branch is participating in a multi-agency initiative to develop and implement a project on strengthening ACP cultural industries as a follow- to a recommendation of the Second Meeting of the ACP Ministers of Culture (Santo Domingo, October 2006). The project will be operated by UNCTAD, ILO and UNESCO from 2007–2010, with the financial and institutional support of the EU and the ACP Secretariat.

74. On the ***Aid for Trade* initiative**, the Branch contributed to UNCTAD-wide efforts to promote this initiative. It has also provided substantive support, upon request, to countries or country groups in preparing their inputs to the

work of the WTO Task Force on Aid for Trade. The Branch participated in an OECD Dialogue with Non-Member Countries on Aid for Trade and has been helping developing countries, upon request, to develop a road map for implementing those parts of the Task Force recommendations addressed to them.

75. UNCTAD continued to strengthen its series of specific ***trade-related tools*** to assist the work of policymakers, trade negotiators, academics, civil society and business executives.

76. *The Trade Analysis and Information System (TRAINS)* currently contains 163 volumes of tariff schedules, 56 volumes with para-tariff measures, 97 publications on non-tariff measures and 70 volumes on detailed import statistics at tariff-line level by origin. Software jointly developed by UNCTAD and the World Bank (World Integrated Trade Solution — WITS) allows users to access the entire time series of the database through the Internet. Over 4,000 of the approximately 7,600 licences issued to users of WITS were issued in 2006. TRAINS contributed data for the calculation of MDG indicators on market access, and for GSTP negotiations. It will serve as the hub for the new work on NTBs.

77. The widespread use of TRAINS, particularly by international organizations such as OECD, the World Bank and the IMF, and by numerous academic and research institutions, attests to the recognition of its usefulness. The database serves as the primary source of data for other databases such as the Agricultural Market Access Database (AMAD), which in turn is often referenced as an information source in many publications on trade in agriculture. Since November 2005, on an experimental basis, the requirement for financial contribution by non-governmental users was waived, resulting, as of October 2006, in new licences issued to over 800 universities and research institutions worldwide, compared with some 30 licences during 2005. Some countries have been assisted with installing and using the TRAINS (see Box 6).

78. The *Common Analytical Market Access Database (CAMAD)* is a database developed by UNCTAD, WTO and ITC that brings together all data sources collected or received by each organization. It promises to be the most comprehensive market access database in the world. The database is operational in the three organizations. It is planned to be made publicly available in the near future. The first issue of the World Tariff Profile, a joint publication by the three organizations, drawing upon this database, will be published in 2007.

Box 6. Example of appreciation for UNCTAD's work on trade analysis tools

On Workshop on GSTP and WITS (31 May – 1 June 2006, Jakarta, Indonesia), supported by UNCTAD.

"As a result of this increased awareness, delegates declared themselves better able to determine their positions for the third round of GSTP negotiations.

Another beneficial aspect for all participants was the WITS training software, which constitutes a promising development for Indonesian officials and negotiators. The guidance which it provides in terms of capacity building and the acquisition of skills will be of the greatest value in raising their understanding and increasing their efficiency not just with regard to the GSTP, but generally in all trade negotiating fora. "

Dr. Makarim Wibisono, Permanent Representative, Mission of Indonesia to the United Nations, Geneva, in a letter dated 21 June 2006.

79. The *Agricultural Trade Policy Simulation Model (ATPSM)* is a comprehensive database and simulation-modelling software intended for use by agricultural trade policymakers who may not have knowledge of economics, modelling or programming. There is evidence of increasing use of the ATPSM in developing countries to undertake analysis of agricultural impacts of alternative scenarios of trade negotiations. The ATPSM is available on CD-ROM and can be downloaded from UNCTAD's website.

80. Finally, the staff of the Branch undertook various ***advisory missions*** and made presentations at various events relating to areas falling within the purview of the Branch.

(4) Cooperation with other organizations

81. The Branch continued its cooperation with a wide range of actors, both governmental and non-governmental. These include the World Bank, DESA, WTO, ITC, IMF, UNDP,

UNESCO, ILO, and the UN regional Commissions. Within the framework of work on NTBs and the Secretary-General's Group of Eminent Persons on NTBs and its Task Force, UNCTAD is leading a multi-agency effort comprising the WTO, FAO, IMF, ITC, OECD, UNIDO and UNCTAD. The continued development and dissemination of trade analysis tools are carried out in collaboration with several agencies. For example, TRAINS-WITS development involves collaboration with the World Bank, and CAMAD is a joint product of UNCTAD, WTO and ITC. The Branch cooperates with DESA on the annual publication "World Economic and Social Prospects" and the UN Secretary-General's report to the UN General Assembly on financing for development. Cooperation with the private sector has deepened, with Philips Corporation, on actual implementation in the field in Africa of a new and dynamic sector of world trade. In the context of the preparation and refinement of the TDI, cooperation was undertaken with a number of academics and academic institutions.

82. Additionally, the Branch is cooperating with Professor Lawrence R. Klein of the University of Pennsylvania and his associates to make near-term forecasts of the trade and growth prospects of major emerging economies, including Brazil, China, India, the Russian Federation (BRIC countries) and the Republic of Korea. In parallel, the Branch is liaising with Goldman Sachs Global Market Institute and Research Department to organize the first international conference on "Emerging Global Economic Superpowers" in 2007. It will bring out a quarterly report on these emerging economies on a regular basis from 2007.

B. Assessment and lessons learned

83. The Branch's work on trade analysis continued to help define a distinct trade and development agenda for UNCTAD by emphasizing existing and new areas where there are important gaps in knowledge and expertise. On market access issues, for example, UNCTAD's work broke new ground in the context of NTBs, and successfully resulted in the mobilization of the UN-system agencies and other relevant organizations for a coordinated and coherent approach to definition, classification and collection of NTBs data using UNCTAD's TRAINS database. The establishment of the NTB multi-agency team illustrates the leadership of UNCTAD in effectively mobilizing different parts of the UN system and other relevant organizations in the work on this important subject and to achieve a higher level of coherence and synergy. In the area of new and dynamic sectors of world trade, analytical and operational activities were aimed at helping developing countries put themselves on a faster track of trade performance and domestic value-added. The UNCTAD–Philips initiative in Southern Africa is a concrete and innovative example of the trinity of UNCTAD's operations in terms of conceptualization through analysis, intergovernmental deliberations and capacity-building in the field. The focus on the energy sector in 2006 helped define important issues affecting developing countries and countries with economies in transition in this major sector of world trade and competitiveness. Another important aspect of this approach is the creative industries work of the Branch, which has expanded with the support of developing countries with a major interest in those industries.

84. UNCTAD's trade analysis tools, like TRAINS-WITS, have been useful to countries, organizations and academic institutions. They have helped in identifying and addressing market access barriers and trade opportunities and promoting more informed participation in trade negotiations at multilateral and regional levels.

85. The Branch's analytical inputs have been sought in policy analyses and in academic institutions, and have helped promote UNCTAD's vision of realizing development through trade. This is also realized through a contribution to UN-wide monitoring of progress in achieving the MDGs and to the Monterrey Consensus on Financing for Development. It also includes analyses in the refined TDI for 2006–2007; the new work on forecasting for the major emerging economies; South–South trade in the context of a new geography of world trade; and assistance with the Aid for Trade initiative. It would strengthen this work further in line with the São Paulo Consensus and the relevant outcomes of the Mid-term Review.

IV. COMMODITIES BRANCH

Strengthened capacity of developing countries to integrate commodity production and trade into development (Expected accomplishment (c) of subprogramme 3, Table 12.15 (A/60/6 Sect. 12)).

86. The Commodities Branch's analytical and consensus-building work assisted in deepening understanding of the relationship between commodity production and trade and poverty reduction. Work on the commodities supply chain yielded new ideas and approaches to technical assistance, including on standards and competitiveness. Work on the role of mining for economic development and diversification led to wide acceptance of the link between national-level policies and local-level development. Regarding commodity financing, the mutually supportive tools developed by the Branch such as modern financial instruments, risk management techniques, information technology and institution-building (like commodity exchanges) have come to be widely discussed and analysed. The opportunities offered by this approach and the benefits that can be realized have increased the effectiveness of commodity sector programmes in several countries. Work on energy is assuming increased importance as a result both of market developments and UNCTAD's contributions to consensus-building and cooperation at different levels. The work on commodity information has continued to enjoy broad support and is reinventing itself to respond better to the needs of developing country producers and processors.

A. Major outputs and activities

87. The Branch's principal elements of work consisted of preparation of documents and issues notes, substantive support to meetings and technical cooperation activities. The major areas of activity were:

i. *Links between the commodity sector and poverty reduction*: focus on making the commodity sector an instrument of poverty reduction by facilitating the access of small and poor commodity producers to markets;

ii. *Value chain approach*: attention was paid to the linkages and interrelationships between different parts of the value chain, so that the stronger parts can support the weaker parts, and to support diversification towards higher- value products;

iii. *Financing for the commodity sector*: work aimed to promote the use of market-based instruments for generating finance, particularly for the disadvantaged parts of the value chain, focusing on economic and institutional aspects, and on means and modalities of compensatory financing schemes;

iv. *Commodity exchanges:* focus on the role of exchanges as facilitators for commodity-based development, it being noted that UNCTAD is the only international organization active in this area;

v. *Information and statistics*: provide user-friendly, relevant and timely information and statistics through the Internet and hard-copy publications;

vi. *Meeting market requirements and standards:* focusing on enabling producers to meet both official and private sector standards;

vii. *Metals and minerals*: developing ways to promote broad-based economic development and diversification in mining-dependent areas;

viii. *Energy*: enhancing activities dealing with energy, particularly oil and gas, and organizing the annual conferences on oil and gas trade and finance in Africa;

ix. *International cooperation on commodities:* convening and servicing UN conferences related to negotiations, renegotiations and functioning of international commodity bodies. The International Task Force on Commodities, an UNCTAD XI partner-ship, is not yet operational, owing to difficulties in mobilizing sufficient extrabudgetary support. However H.E. Mr. Benjamin Mkapa, former President of the United Republic of Tanzania, has

agreed to serve as its Chairman. UNCTAD will use its own meagre resources to convene the first meeting of the Task Force in 2007.

(1) Intergovernmental deliberations and consensus-building

- *United Nations General Assembly*

88. The Branch prepared a report of the UN Secretary-General on "World commodity trends and prospects" (A/61/202) for the 61st session of the General Assembly.[21] The report was introduced to the Second Committee by UNCTAD. The discussion on the report led to the adoption of a resolution (A/RES/61/190) which expresses the urgent need to improve the functioning of commodity markets through efficient and transparent mechanisms, including commodity exchanges, amid deep concern that supply capacity problems and difficulties with adding value to their products were keeping many developing countries from the full benefits of price increases.

- *Commission on Trade in Goods and Services, and Commodities, and expert meetings*

89. The Branch prepared a policy paper for the tenth session of the Commission on Trade in Goods and Services, and Commodities entitled "Commodity policies for development: A new framework for the fight against poverty" (TD/B/COM.1/75). It served as the background note to the Commission's deliberations on commodities and development. There was discussion about the potential contribution of commodity sector policies to poverty reduction, including through international cooperation under the aegis of the International Task Force on Commodities. The Branch also provided substantive support to the Commission, particularly with regard to the issue of commodity exchanges, market access, market entry and competitiveness, and dynamic and new sectors of world trade.

90. The Branch was substantively responsible for the Expert Meeting on the Participation of Developing Countries in New Dynamic Sectors of World Trade: Review of the Energy Sector (29 November–1 December), including preparation of the background document "Adjusting to recent changes in the energy sector: Challenges and opportunities (TD/B/COM.1/EM.31/2), as well as background notes entitled "Meeting trade and development challenges in an era of high and volatile energy prices: Oil and gas in LDCs and African countries (UNCTAD/DITC/COM/2006/12)" and "Challenges and opportunities for developing countries in producing biofuels" (UNCTAD/DITC/COM/2006/15).

91. The Branch provided substantive and organizational servicing to the Expert Meeting on Enabling Small Commodity Producers and Processors in Developing Countries to Reach Global Markets (11–13 December), including preparation of the background document "Enabling small commodity producers and processors in developing countries to reach global markets" (TD/B/COM.1/EM.32/2). Finally, it provided substantive support for the Expert Meeting on FDI in Natural Resources (20–22 November).

- *United Nations Conferences on International Commodity Agreements and other commodity-related intergovernmental meetings*

92. The Branch substantively serviced the fourth part of the United Nations Conference for the negotiation of a Successor Agreement to the International Tropical Timber Agreement, 1994. It was successfully concluded with the adoption of the text of the International Tropical Timber Agreement, 2006. The Branch also assisted African countries in promoting the commodity initiative in the WTO Doha negotiations.

(2) Technical documentation

93. In addition to documentation for intergovernmental meetings, the Branch prepared (and contributed to) a series of documents containing policy analyses,

[21] The report is prepared biennially by the Branch.

information, trends and data on commodity issues. These included the following.

- Contributions to (i) World Economic and Social Survey, 2006 and (ii) World Economic Situation and Prospects, 2007;
- South-South Commodities Trade Quantitative Report (UNCTAD/DITC/COM/2006/5);
- Islamic finance and structured commodity finance techniques: Where the twain can meet (UNCTAD/DITC/COM/2006/6);
- The iron ore market 2005–2007 (UNCTAD/DITC/COM/2006/7);
- Basel 2: The new Basel Capital Accord and its impact on commodity financing in developing countries (UNCTAD/DITC/COM/2006/8);
- Iron ore statistics, 2006 (UNCTAD/DITC/COM/2006/11);
- Agricultural commodities and natural resources-based trade and development prospects and constraints in Pacific Island economies (UNCTAD/DITC/COM/2006/14);
- Linking African small producers to large distribution networks: Enhancing capacity of Mozambican producers to supply the South African market (UNCTAD/DITC/2006/16);
- Safety and quality of fresh fruit and vegetables: A training manual for trainers (UNCTAD/DITC/2006/17);
- The World's Commodity Exchanges: Past, Present, Future. With the Swiss Futures and Options Association (see Box 7);
- Two publications (in cooperation with the World Bank and the International Council on Mining and Metals), entitled "The Challenges of Mineral Wealth: Using Resource Endowments to foster Sustainable Development. Resource Endowment Toolkit: Assessing the Socio-economic Impact of Mining (ISBN: 0-9549954-7-3) and "The Challenges of Mineral Wealth: Using Resource Endowments to foster Sustainable Development. Synthesis of Four Country Studies: Findings and Recommendations (ISBN: 0-9549954-6-5).

(3) Advisory services, technical assistance and capacity-building

94. In 2006 the Branch implemented a broad range of capacity-building and technical cooperation activities on commodities and development. There were two special commodity events held in Geneva, namely:

- The ***Global Network of Export-Import Banks and Development Finance Institutions (G-NEXID***), an independent institution, was created at a meeting in March on the occasion of the tenth session of the Trade Commission (discussed previously). Through promoting joint technical cooperation activities among member institutions, G-NEXID stands to act as a powerful tool for South–South trade and investments. UNCTAD will provide technical assistance during the inception phase, and advisory services to support the Network's operations and build its institutional capacity.
- The ***First Annual General Meeting of the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development*** (October), as requested by the Forum (Canadian/South African initiative), with over 100 participants. A joint conference on mining taxation is planned for 2007.

95. Projects to help developing country exporters ***comply with SPS requirements and private sector standards*** were implemented, including preparatory projects in Guinea, Mozambique, the United Republic of Tanzania and Pacific islands, as well as full-scale projects in Guinea and Mozambique. Work focused on research and analysis to identify and assess problems in the SPS area, and enabling small producers to meet both official and commercial standards. The Branch also assisted small producers in achieving market acceptance by supermarkets, in cooperation with the Swiss supermarket chain Migros. Under JITAP, a manual for assessing the competitiveness of selected commodity sectors was developed and will be tested in West Africa in 2007.

96. A ***Model for the Development of a Private/Public Safety Control System for the Horticultural Sector*** project was implemented in Guinea. The project was initiated to help the Government of Guinea, producers and exporters comply with agri-food safety standards and quality assurance systems. It aims to develop and implement Good Agricultural Practices (GAP) in production and harvest; Good Manufacturing Practices (GMP), ISO 9000, ISO 22000, HACCP and EUREPGAP. Activities include training courses and in-farm training for stakeholders at the national level. The project also provides advice to national authorities on strategies to strengthen food control systems to protect public health, prevent fraud and deception, avoid food adulteration and facilitate trade. It will enable national authorities to choose the most suitable options for their food control systems in terms of legislation, infrastructure and enforcement mechanisms. A National Project Management Unit was set up to oversee the implementation of a project.

97. In Senegal, representatives of the Ministry of Fisheries as well as public and private experts gathered with the aim of developing and maintaining effective fisheries management systems, taking into account all relevant biological, technological, economic, social, environmental and commercial aspects, including compliance with internationally recognized standards. A regional workshop is being prepared to address these issues and facilitate the Adoption of a Fishery Code for Western African Fisheries. This is one follow-up activity to the new and dynamic sectors review on fisheries (October 2005).

98. The Branch continued to implement the ***Sustainable Commodity Initiative***, a partnership initially established with the International Institute for Sustainable Development (IISD), on assessing the usefulness to producers of sustainability labels and standards for coffee, and started preparatory work on the same for cocoa. The initiative will be a multi-stakeholder, multi-year and multi-million dollar project.

99. The Branch participated in multi-agency work to develop and implement an intra-ACP capacity building project on agricultural commodities, to be operational from 2007, with EU financing.

100. Under a Development Account Project on ***Trade and MDGs***, the Branch convened a regional workshop on the integration of MDGs in trade policies, with emphasis on commodities, in Dakar (29 May–1 June). Participants from government ministries and public and parastatal agencies responsible for poverty reduction policies, and for the development of export products, especially in agriculture, agro-industry and mining, attended and reviewed critical issues on the basis of case studies and national experiences. They highlighted strategic issues for African countries to address for capturing unexploited agro-food market opportunities within and outside the region. Follow-up missions will be undertaken in 2007 to selected countries.

101. In the area of ***mining and mineral commodities***, a cooperative project with the World Bank and the International Council on Mining and Metals (ICMM) on the challenge of mineral resource endowments was implemented. Its aim was to analyse successful experiences of how countries and companies have dealt with the "resource curse". A report was published in 2006, and four case studies are to be published in 2007. Follow-up work is under way in selected countries. A project on diversification in areas dependent on mining, funded by the Common Fund for Commodities, was carried out in the province of Espinar (Peru). A concluding workshop on cooperation between the provincial government, the mining company and local NGOs around regional planning (October, Arequipa, Peru) gave rise to several new project ideas that will be followed up. A workshop on management of mineral wealth was held in Mozambique in cooperation with UNECA, and a similar one is planned in Burkina Faso in 2007.

102. In the area of ***commodity finance***, new avenues were explored. The G-NEXID, as noted above, was created. With respect to agriculture value chain finance, analytical and technical support was provided to governmental decision makers, financial entities with activities in the agricultural sector, and non-financial companies working in the sector (producers, processors,

exporters, marketers and input suppliers). Several regional conferences were organized in cooperation with FAO and Indian institutions. Reports were prepared on African horticulture and fisheries financing. In biofuels finance, a regional workshop on biofuels/jatropha in West Africa was held, where a joint initiative by UNCTAD and the ECOWAS Bank (EBID) to finance investments in growing jatropha trees and producing biofuels, inter alia, by using the Clean Development Mechanism under the Kyoto Protocol, was launched. The workshop, which brought together more than 200 participants, concluded with EBID pledging to foster private–public partnerships, with support from UNCTAD, and set up a fund to finance agricultural and industrial production for biofuels in Africa. This was announced by Ghana's Vice President, Alhaji Aliu Mahama, at the closing ceremony of the workshop.

103. On ***commodity exchanges***, analytical work continued and included (i) ongoing involvement in defining the concept and implementation plan of the Pan African Commodity and Derivatives Exchange (PACDEX), including technical support to the African Union; and (ii) organization of the annual Bürgenstock Conference, in cooperation with the Swiss Futures and Options Association and the private sector, and preparation of a substantive 204-page publication entitled "The World's Commodity Exchanges: Past, Present, Future", with a statistical part on volumes and growth of the world's major commodity exchanges. Regarding country-level support, after path-breaking and decisive support to India, technical and advisory support was provided to the Tehran Metals Exchange to develop metal futures contracts and electronic trading, to Kazakhstan and Ukraine for development of their agriculture exchanges and futures trading, and to Nigeria and Ethiopia to support their emerging exchanges.

104. In-depth advice and training was provided to national and regional developing countries' banks dealing with commodities, including to a new agricultural bank in India on how to structure effective and innovative lending products. Similar advice provided to the Islamic Development Bank led to its inclusion of warehouse receipt finance as a standard loan product, and work on other new products is ongoing. Awareness-raising and training activities focusing on African banks have also continued. Demand-driven advice on the creation of a major new collateral management company for the African continent was provided, following similar activities in 2004 that led to the creation of a similar company in India.

105. In the area of ***commodity information and statistics***, monitoring of commodity markets, and reviews of commodity markets and industries on an ad hoc and a regular basis were provided. In the framework of the Iron Ore Trust Fund, the world's most authoritative and quoted source of information on the iron ore market, the Branch produced two annual regular publications (a market review and a volume of statistics).

106. In the area of ***networking, knowledge management and market transparency***, the Branch reviewed and improved its electronic information sources. Its electronic portal *Infocomm* has increased to 40 commodity profiles containing information on all aspects of commodity markets and regularly updated links to other sites with up-to-date price information.[22] *Infocomm* is by far UNCTAD's most visited website, reaching more than 200,000 sessions per month. It is used worldwide by government and industry representatives, as well as by universities and researchers. In 2006, *Infoshare*,[23] a shared database to improve market transparency at the local level, and aiming to bring relevant and timely commodity market information to small producers in an easily accessible form, using means such as mobile telephone messaging and local radio stations to reach producers, was further developed. The database is based on a communal approach, with stakeholders collecting, sharing and

[22] Commodity profiles include 22 in French: banana, cashew nuts, citrus, cocoa, cotton, crude oil, iron ore, jute, karite, natural gas, nickel, olive oil, palladium, pepper, platinum, rice, sugar, tea, timber, tobacco, wheat and zinc; 9 in English: banana, citrus fruit, cocoa, cotton, natural gas, olive oil, palladium, platinum and rice; and 9 in Spanish: jute, natural gas, olive oil, palladium, platinum, rice, tea and zinc.

[23] Selected in 2005 as one of the UN's "Ten stories the world should hear about".

disseminating a wide range of quantitative as well as qualitative information (commodity prices, intermediate costs, quality standards, etc.). The implementation of the pilot version of the *Infoshare* database has been initiated in Cameroon in collaboration with the National Cocoa and Coffee Board (NCCB). The database has been tested and modifications have been made to adapt it to specific local conditions. In November 2006, *Infoshare* was thus officially launched in Yaoundé with the support of the Secretary General of the Ministry of Trade, the Director General of NCCB and, most importantly, the presence of 20 producer representatives who were trained to use the database.

107. In the area of minerals and mining, cooperative websites were further developed, with UNEP for general information exchange (www.natural-resources.org/minerals), on best practices in mining with UNEP, ICMM and DfID (www.goodpracticemining.org), and for Latin America (www.redlieds.org). A website serving as focus for the African Mining Network is under construction in cooperation with MINTEK of South Africa and the Southern and Eastern African Mineral Industry Centre (SEAMIC). These help to build effective partnerships among relevant stakeholders to develop and implement viable solutions and sustainable approaches to commodity problems.

108. In the area of ***oil and gas***, the Branch organized the 10th African Oil and Gas Annual Conference (Algiers, 2–5 April), which gathered together over 800 participants. This is the largest energy event in Africa, attended by key decision makers, investors, executives of major and independent oil companies, and NGOs. They debate and share experiences on issues such as finance, risk management, technology development, energy mix and local content, which in turn contribute to shaping policies for restructuring the industry in the region. The conferences have come to play a crucial role as a platform for creating backward and forward linkages between the energy and finance sectors, and for designing policies on how to marshal oil and gas wealth in the service of long-term development objectives.

109. Preparations are under way for the 11th Conference in Kenya in May 2007. The focus is on the interface between finance, energy and development, but environmental and legal issues and corporate responsibility will also be covered. UNCTAD is also committed to organizing the 12th Conference, to be held in Equatorial Guinea in 2008. A possible conference on India–Africa partnerships in the hydrocarbon sector with the Federation of Indian Chambers of Commerce and Industry (FICCI) is being discussed. A conference on financing mechanisms for the oil services sector and marginal oil fields is planned as a follow-up to a joint publication with counterparts in Nigeria on an African oil and gas services sector survey.

110. In the area of ***training***, a "University Training Package on the Economics of Commodity Production and Trade" was produced in cooperation with UNCTAD's Virtual Institute. The package is a set of five modules designed for academic teachers and researchers that are involved in building knowledge, understanding and skills in developing countries, in particular LDCs, in the area of commodities production and trade and their implications for developing countries. In particular, it is intended for members of universities that teach postgraduate programmes in international economics, agriculture and resource economics. The package was field-tested in 2006 in the United Republic of Tanzania and Senegal (regional workshops with 50 economics professors who will teach the course). The course was also delivered to 29 graduate students from the University of Dar-es-Salaam in April 2006 in Geneva attending a Virtual Institute event. The Branch also conducted training in commodity issues under Paragraph 166 regional courses.

111. The Branch provided Training Modules on Agri-food Safety Standards and Quality Assurance, designed to help developing country farmers meet international standards and ever-increasing quality demands from importing firms and/or developed markets. These included modules on Good Agricultural Practices (GAP), Good Manufacturing Practices (GMP), ISO 9000, ISO 22000, HACCP and EUREPGAP; and CD ROMs on Organic Fruits and Vegetables from

the Tropics. These materials provide producers and trading companies in developing countries with (i) information on market potential and conditions for access to European, American and Japanese markets for organic products; (ii) details of production and processing requirements as well as best management practices in a selection of organic tropical fruits and vegetables; and (iii) a list of useful addresses and contacts in selected markets.

112. Numerous ***workshops on commodity issues*** were organized and carried out by the Branch in 2006, such as the Workshop on Integrated Resource Planning: Fostering Mineral Clusters (Maputo); Workshop on Fisheries Certification and Ecolabelling in Gambia (Banjul); Workshop on the Integration of Millennium Development Goals in Commodities Trade Policy (Dakar); Regional Workshop on the Impact of WTO Agreements and the Current WTO Negotiations on the Fisheries Sector (Geneva); Workshops on the Leveraging the Market for a Sustainable Coffee Economy and on Potential for Diversification in Coffee Exporting Countries (London); Seminar on Biofuels (Geneva); and 35th and 36th WTO Trade Policy Courses on patterns of corporate concentration in the agricultural input industries.

113. Finally, the staff of the Branch undertook ***advisory missions*** and made presentations at events to promote and share UNCTAD's accumulated expertise on commodities and development. These included the following: World Mine Ministries Forum (Toronto), International Conference on Biofuels: Global Potential and Implications for Sustainable Agriculture and Energy in the 21st Century (Berlin), Conference on Financing Agriculture Value Chain (Mumbai), Sixth Annual Baramati Initiative on ICT and Development (Baramati, India), Global Local Content Summit (London), Forum for a Responsible Globalization (Lyon), Global Commodities Finance Conference (Geneva), The Energy Markets: Evolution or Paradigm Shift (Geneva), Expert Workshop on Raw Materials Scarcity as a Risk of Conflict and an Impediment to Development (Berlin), the Dry Bulk Shipping Market Outlook Conference (London), and the Annual Global Iron Ore and Steel Forecasting Conference (Perth).

(4) Cooperation with other organizations

114. The Branch developed further its extensive inter-agency cooperation network, with a view to promoting a comprehensive approach to commodity sector development. It continued its close cooperation with organizations both within and outside the UN system, such as the Common Fund for Commodities, FAO, ITC, World Bank, WTO, DESA, UN Regional Commission and UN University/WIDER, and international commodity organizations. Other counterparts are universities and research institutions, as well as the private sector, including the banking sector. Staff members of the Branch participated in, and made substantive presentations at, numerous meetings, conferences and workshops organized by other organizations, academic institutions, civil society and the business community. The Sustainable Commodity Initiative has developed into a major collaborative project with the involvement of Governments, intergovernmental organizations and NGOs. Close cooperation with the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development continued. As a follow-up to the AU Ministers Declaration on Commodities (November 2005), the Branch is preparing jointly with UNDP, the Common Fund for Commodities, and the ACP Group a multi-stakeholder conference known as "Global Initiative on Commodities: Building on Shared Interests", to take place in Brazil in 2007.

B. Assessment and lessons learned

115. The problems associated with the commodity sector have regained prominence on the international agenda, because understanding of the complex relationship between poverty and commodity dependence has improved, and because rapid growth in Asian developing countries has fundamentally changed the structure of world commodity markets. UNCTAD played a major role in drawing attention to and explaining both issues. It was instrumental in promoting new and innovative approaches to the commodities *problématique*. It has been the source of substantive material used not only in UNCTAD but elsewhere, such as the UN General Assembly, ECOSOC and the WTO. UNCTAD's approach is firmly rooted in turning the commodity sector into an engine of export

and economic growth, improved incomes, development and reduction of poverty. It would strengthen this work further in line with the São Paulo Consensus and the relevant outcomes of the Mid-term Review.

116. Despite the increasing importance attached to commodities, however, interest at the international level remains scant in some ways. Thus, it has not yet been possible to generate the resources which are necessary for putting into operation the International Task Force on Commodities, which is expected to generate new ideas as well as innovative and partnership-based practices. It has been observed (and feedback from developing country institutions confirms this) that commodity issues and UNCTAD's work attract considerably more attention in the countries themselves and from ministries involved in development and poverty reduction.

117. Activities organized by the Branch were attended by representatives of developing countries at increasingly high levels. The workshops and meetings have been attended by a solid number of participants, with around 900 people participating in the events on diversification and resource management, and more than 1,600 people in events on commodity risk management and finance, including the 10th African Oil and Gas Trade and Finance Conference. The Branch's analytical work and technical cooperation are inextricably linked, and their interrelationship continued to provide a solid foundation for operational activities in the field. Similarly, as the analytical work is inspired by the realities of the commodity sector, its relevance has considerably increased.

118. Networking, knowledge management and market transparency in commodities are a successful area of the work of the Branch with such innovative and highly demanded products as the electronic portals *Infocomm* and *Infoshare*. Cooperative websites on minerals and mining were further developed and are producing very encouraging results on best practices in mining and for Latin America.

119. Work on energy has expanded, demonstrating UNCTAD's unique competence and crucial role in this area, such as the annual African Oil and Gas Trade and Finance Conference. Work on biofuels is acquiring increasing importance with the new UNCTAD/ECOWAS Bank initiative on biofuels.

120. With respect to diversification in commodities, the Branch maintains a focus on eliminating supply-side constraints and barriers to market entry for developing countries' commodity exports. UNCTAD's expertise and role as the leading institution for designing new policies that address the interrelated areas of commodity dependence, poverty and competitiveness are acknowledged (see Box 7). UNCTAD successfully continued its widely welcomed initiative to provide technical assistance on compliance with SPS and other standards. There is a growing amount of recognition of and interest in the initiative, especially by African countries, and many countries have requested replica projects. UNCTAD's expertise in mining and mineral commodities is widely recognized and is manifested in an increasing number of requests for cooperation, from developing country Governments and from other institutions. The UNCTAD Iron Ore Trust Fund remains unique in providing the only global, up-to-date, accurate and comprehensive information on developments in the world market, including both statistical data and analyses indispensable to professionals of the iron ore market.

121. On commodity risk management and finance, the commodity exchanges launched in India with UNCTAD's assistance have entered the ranks of the world's leading commodity exchanges after only two years. They have already yielded tangible benefits for the Indian commodity sector and the broader economy. With annual volume growth rates at 678 per cent and 390 per cent respectively, MCX and NCDEX are the *two fastest-growing commodity exchanges in the world*. Already, MCX is the world's second largest natural gas exchange and third largest bullion exchange, and NCDEX is the world's third largest agricultural commodity exchange. They achieved a total annual turnover for the financial year 2005–2006 of $474 billion, at a daily average of approximately $4 billion by mid-2006. The industry that has been created around these institutions is responsible for the

employment of more than 500,000 people. Meanwhile, in the field, the margins of middlemen have been cut as a result of vast nationwide efforts to disseminate prices to farmers, with 25,000 trading terminals dispersed throughout India and price tickers in APMC "mandis". Auxiliary services, such as direct financing to farmers based on the commodity delivered to the exchanges' warehouses, showed the success in reaching farmers in rural areas through finance and exchange development.

122. The "The World's Commodity Exchanges; Past, Present, Future" by UNCTAD and the Swiss Futures and Options Association for the prestigious Bürgenstock World Derivatives Conference was widely appreciated by the derivatives world (see Box 7).

Box 7. Expressions of appreciation for the book entitled "The World's Commodity Exchanges: Past, Present, Future"

"Congratulations on the success of your publication, 'The World's Commodity Exchanges: Past, Present, Future', for this year's Bürgenstock Conference. I was happy to contribute to the book and very pleased with the outcome. UNCTAD's role in promoting the concept and practice of commodity exchanges in developing countries is important and has made a significant impact for so many of the participants in global commodity and financial sectors, not least the commodity sector participants themselves. For global investors on the other hand, the work you do provides an essential first step in the development of new markets and new opportunities that will ultimately lead to significant flows of capital into these markets. The Bürgenstock publication was an excellent example of this. You brought together an impressive range of experts from public and private sector organisations around the world to share their experiences and to demonstrate the difference that commodity exchanges are making to sectoral and wider economic enhancement. This model of information exchange in turn will boost the efforts to establish an echelon of efficient, innovative and robust exchanges in developing countries around the world. That the publication was produced to a high standard of quality in both its content and presentation is also to your credit. I look forward to future publications."

John Mathias, Director of Financial Futures and Options, Global Business Development Manager, Merrill Lynch International

"The UNCTAD publication on "World's Commodity Exchanges: Past, Present, Future" takes the commodity industry professionals across the globe to share experiences and developments. This is relevant for India, trying to develop the markets and coming to terms with them, to learn from the experiences of its western counterparts; though the other part of the story is that MCX had beaten key global benchmark exchanges to get in to the top three positions in bullion, which are globally known as major investment commodities. … The commodities and industry statistics available in this publication are unique to this publication in terms of the "neutrality of the source" and "one stop shop" for the major exchanges related volumes data. ... In short, I found this publication to be enlightening, highlighting issues cutting across boundaries, exhaustive in its coverage of the global industry scenario, and unique in providing us with the crucial industry statistics."

V. Shunmugam, Chief Economist, Multi Commodity Exchange (MCX), India

123. The Commodities Branch successfully leveraged its own limited resources by joining forces with other parts of UNCTAD in pursuing common objectives. Three examples illustrate this practice. First, the Branch cooperated with the Division for Services Infrastructure for Development and Trade Efficiency (SITE) to prepare and field-test a course in commodity economics. Quite apart from the significant contribution to capacity-building that delivery of the course represents, the investment in a teaching material will be paid back in the form of the Branch being able to deliver well-designed and effective training on a wide range of subjects relating to commodities. Second, the Branch contributed to the Paragraph 166 regional courses, coordinated by SITE, on commodity issues. Third, it made substantive contributions to the Expert Meeting on FDI in Natural Resources organized by the Division on Investment, Technology and Enterprise Development and will to contribute to the World Investment Report 2007, which is to be devoted to the same subject. These offer good examples of ways in which the substantive expertise of the Branch can add value to UNCTAD-wide outputs.

V. COMPETITION AND CONSUMER POLICIES BRANCH

Improved capability of developing countries to identify and address competition and consumer protection issues and to deal effectively with restrictive business practices (Expected accomplishment (d) of subprogramme 3, Table 12.15 (A/60/6 Sect. 12)).

124. The Competition and Consumer Policies Branch continued its demand-driven efforts to assist in the creation of a competition culture worldwide through extensive technical assistance, capacity-building and dissemination programmes; preparations for, and actual servicing of, the seventh session of the Intergovernmental Group of Experts on Competition Law and Policy, and an Ad Hoc Expert Group on Competition Law and Policy; and substantial documentation. A particular success in 2006 was the voluntary peer review of the Tunisian competition policy. UNCTAD is considered by the international community to be the principal international organization active in competition law and policy and consumer protection issues.

A. Major outputs and activities

125. Consistent with the São Paulo Consensus and the resolution adopted by the Fifth United Nations Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices (14–18 November 2005), the Branch continued its work in 2006 involving extensive technical assistance, capacity-building and dissemination programmes; analyses; and intergovernmental deliberations and consensus-building.

(1) Intergovernmental deliberations and consensus-building

- *Seventh session of the Intergovernmental Group of Experts on Competition Law and Policy and Ad Hoc Expert Group on Competition Law and Policy*

126. The Intergovernmental Group of Experts on Competition Law and Policy (IGE), the only truly global meeting of competition experts convened annually, held its seventh session in Geneva from 31 October to 2 November, preceded by an Ad Hoc Expert Group on Competition Law and Policy (30 October). The two meetings, supported by UNCTAD documentation, provided an opportunity for an exchange of views between government officials involved in competition issues, international experts, and representatives from regional and international institutions and civil society.

127. The Ad Hoc Expert Group held informative discussions on two major issues: (a) the relationship between competition law and policy and subsidies; and (b) cooperation and dispute settlement mechanisms relating to competition policy in regional free trade agreements, taking into account issues of particular concern to small and developing countries. The Chairperson's summary of this group's discussions was transmitted to the IGE.

128. The IGE deliberated on the relationship between competition authorities and sector regulators, particularly with respect to abuse of dominant positions, and international cooperation in investigating and prosecuting hard-core cartels affecting developing countries. It considered the reports submitted by the UNCTAD secretariat and provided guidance on its technical cooperation programmes on competition law and policy.

129. In its agreed conclusions,[24] the IGE encouraged developing countries to consider, as a matter of importance, establishing competition laws and frameworks best suited to their development needs, complemented by technical and financial assistance for capacity-building, taking fully into account the objectives of other national policies and capacity constraints; called upon States to increase cooperation between competition authorities and Governments to strengthen effective international action against anti-competitive practices, especially when these

[24] Agreed conclusions adopted by the intergovernmental group of experts at its seventh session (TD/B/COM.2/CLP/L.10).

occur at the international level; and suggested that States promote coordination between competition authorities and regulatory bodies to ensure complementarity between these authorities and the effectiveness of their work.

130. The IGE also agreed on a substantive work programme for UNCTAD on competition law and policy for 2007, and established the agenda and documentation for the eighth session of the IGE, scheduled for July 2007.

- *Voluntary peer review of competition policy*

131. UNCTAD's voluntary peer review of the competition law and policy of Tunisia, the second in this line of work (see Box 8), was conducted during the 7th session of the IGE. The peer review report (Examen Collégial Volontaire de la Politique de Concurrence: Tunisie (UNCTAD/DITC/CLP/2006/2)), prepared by consultants after a fact-finding mission to Tunisia, was presented and reviewed. The report described the content and implementation of the Tunisian competition law in the context of economic development and liberalization in Tunisia and made recommendations on how the application of the law might be made more effective, for example by strengthening the application of competition policy in the public sector and by ministries; reinforcing penalties and sanctions; coordinating sector regulation and competition law enforcement; and improving investigation techniques and procedures.

132. The Tunisian authorities commented on the report, provided clarifications, and responded to questions from reviewers and from experts. They stressed that international cooperation was needed to help Tunisia strengthen its competition policy, and requested further technical assistance from UNCTAD. They also commended the review procedure for enabling Tunisia to explain the challenges it faced in implementing its competition law and learn from countries which were more advanced in this field; providing independent views on how Tunisian competition law and policy might be developed and its enforcement enhanced; and perhaps assisting other developing countries aspiring to strengthen their competition policies. Consultations are being held with the Tunisian authorities on the implementation of the review's findings.

133. In 2007, the voluntary peer review will be carried out for the UEMOA common competition policy, namely Benin and Senegal, at those countries' request.

Box 8. Competition Policy Peer Review

UNCTAD's Voluntary Peer Review on Competition Policy provides a unique opportunity to examine and draw lessons from concrete experiences of countries implementing competition policies. The reviews are impartial and rigorous by nature and are undertaken by competition policy experts in consultation with UNCTAD staff. The peer review consists of an assessment of the national competition law and policy examining how competition policy and law work and are enforced in the review country. Once prepared, UNCTAD's peer review report is submitted to panellists from developing and developed countries who then examine and discuss the assessment. The peer review concludes with a discussion on the way forward, including any capacity-building and technical assistance which can be extended to the competition agency. Peer reviews also have a wider function that extends beyond the needs of the country under review. They help interested member States to monitor their own standards and level of implementation of competition law and policy. The first two peer reviews, conducted for Kenya and Jamaica, were launched at the 5th UN Review Conference on Competition Policy. These reviews are being followed up with national projects to implement recommendations from the peer reviews.

(2) Technical documentation

134. The following reports were provided or commissioned by the Branch:

- Role of possible dispute mediation mechanisms (TD/RBP/CONF.6/11/Rev.1/ TD/B/COM.2/CLP/37, Rev.3);
- Experiences gained on international cooperation on competition policy (TD/RBP/CONF.6/12/Rev.1; TD/B/COM.2/CLP/21/Rev.4);
- Best practices for defining respective competencies (TD/RBP/CONF.6/13/Rev.1; TD/B/COM.2/CLP/44/Rev:2);

- Review of capacity building and technical assistance on competition law and policy (TD/B/COM.2/CLP/54);
- Ways in which possible international agreements on competition may apply to developing countries (TD/RBP/CONF.6/9/Rev.1, TD/B/COM.2/CLP/46/Rev.2);
- Recent cases involving more than one country (TD/RBP/CONF.6/5/Rev.1, TD/B/COM.2/CLP/53);
- Handbook on Competition Legislation (TD/B/COM.2/CLP/50);
- Directory of Competition Authorities (TD/B/COM.2/CLP51).
- Implementing Competition-Related Provisions in Regional Trade Agreements: Is it Possible to Obtain Development Gains? (UNCTAD/DITC/CLP/2006/4)

(3) Advisory services, technical assistance and capacity-building

135. Capacity-building and technical assistance were undertaken to create a competition culture worldwide. Assistance was provided to countries in formulating, revising and implementing competition policies, contributing to a better understanding of the issues involved, and building national institutional capacity to enforce effective competition legislation. Assistance was also provided to regional groupings on common competition rules and regional cooperation on competition issues. Such assistance is appreciated by beneficiaries (see Box 9). Details on these activities are available at http://www.unctad.org/en/subsites/cpolicy. Some activities in 2006 are discussed below.

136. The ***second Lusophone Conference on Competition*** was organized by UNCTAD, with the Portuguese competition authority (29–30 May, Lisbon) with the participation of representatives of eight Lusophone countries.

137. Four regional seminars on ***common competition rules of UEMOA*** (adopted in 2002) were organized, with the UEMOA secretariat, for the eight member States in Abidjan (28–30 June), Lomé (7–9 August), Bissau (2–5 October) and Cotonu (22–24 November). These seminars sensitized UEMOA countries regarding the common competition rules. National-level training on the enforcement and implementation of the regional competition law was organized for Niger (29 May– 2 June); Senegal (5–9 June); Burkina Faso (3–7 July); Mali (4–8 September); and Benin (20–21 November). About 325 government officials, private sector representatives and consumer associations were informed and trained.

138. The ***11th International Workshop on Competition Policy*** was organized by UNCTAD and the Korea Fair Trade Commission (Busan, 6–7 September).

139. A ***regional workshop on competition*** was held by UNCTAD and the Trade Law Centre for Southern Africa (TRALAC) in Cape Town, South Africa, on 4 October.

140. Two ***regional meetings on consumer protection, respectively for CARICOM member States and for the Organization of Eastern Caribbean States*** (Saint Lucia, 27–30 November), co-organized by UNCTAD and the Ministry of Commerce, Investment and Consumer Affairs and the secretariat of the OECS.

141. The Branch participated in ***Competition and Competitiveness Conference*** in Brno (Czech Republic, 28–29 November) and raised awareness among competition authorities from economies in transition on MDGs as an objective of competition law and policy. Also, a regional seminar on competition policy experiences from Latin America and the Caribbean was held on 2 and 3 February 2006 in Bogotá (Colombia) in cooperation with the Colombian Superintendencia of Industry and Commerce.

142. Four seminars were held, in cooperation with the International Development Research Centre (IDRC), to ***disseminate the findings of the UNCTAD/IDRC publication on "Competition Provisions in Regional Trade Agreements: How to Assure Development Gains"***. The seminars were conducted in Geneva (24 May) in cooperation with the Graduate Institute for International Studies; Istanbul (31 July–1 August) with the Yeditepe University;

Republic of Korea (6–7 September) with the Korea Fair Trade Commission; Cape Town (4 October), with the Trade Law Centre for Southern Africa; and in São Paulo (30 November–1 December), with the Getulio Vargas Foundation and the Brazilian Competition System. Participants included experts and officials on competition law and policy. They highlighted current problems facing developing countries in implementing competition provisions in bilateral and regional agreements; the role of competition policy for development; and the relationship between competition authorities and sector regulators. The lessons from the seminars represent important tools for trade and competition officials in developing countries and their RTAs.

143. The ***COMPAL*** (Competition and Consumer Protection Policies for Latin America programme), supported by SECO (Swiss Cooperation), achieved important results on strengthening competition and consumer protection law and policies in Latin American countries.[25] Workshops conducted and brochures disseminated helped sensitized stakeholders in beneficiary countries. Assistance was provided on the dissemination of the new competition law adopted by El Salvador and on enhancing the competition authority (Superintendencia de Competencia), established in January 2006; the dissemination of the newly adopted competition law in Nicaragua, and strengthening the institution in charge of implementing the law; the implementation of new legislative competition aspects in Costa Rica and Peru, and promotion of a competition and consumer protection culture in Bolivia; fostering technical skills of officers dealing with competition issues through internships organized by the Swiss Competition Authority; promoting exchange of experiences on competition law and policy between COMPAL beneficiary countries and other Latin American countries; and providing support to legislations and regulations on consumer protection and competition agencies as well as consumer associations.

[25] COMPAL benefits five Latin American countries, namely Bolivia, Costa Rica, El Salvador, Nicaragua and Peru.

144. A regional COMPAL meeting was co-organized with the competition authority of El Salvador in San Salvador (13–14 July). In addition, monitoring meetings of COMPAL were organized respectively with (a) the Ministry of Industry and Trade of Nicaragua (Managua, 30–31 January) for Costa Rica, El Salvador and Nicaragua: and (b) with the Bolivian Ministry for Foreign Affairs (La Paz, 6–7 February) for Bolivia and Peru. COMPAL has been praised at the regional and the international level.

145. The Branch also contributed to ***Paragraph 166 courses***, providing training on competition law and policy matters.

146. Finally, the staff of the Branch undertook various ***advisory missions*** and made presentations at various events on competition and consumer policy issues.

Box 9. Expression of appreciation for UNCTAD's work on competition

"Thank you once again for all the support of UNCTAD over the years and we look forward to working closely with UNCTAD as we are seeing the light at the end of the tunnel after campaigning for so many years for a cross-section competition policy."
Prof. K.C. Chan, Chairman, Hong Kong Consumer Council, in a letter dated 14 July 2006.

"On behalf of the Malawi Government and indeed on my own behalf, I would like to express my appreciation for the Technical and Financial Assistance in the development and implementation of Competition Law in Malawi."
Newby Henry Kumwembe, Ministry of Trade and Private Sector, in a letter dated 24 April 2006.

(4) Cooperation with other organizations

147. The Branch has an extensive network of cooperating partners with whom many of the analytical and capacity-building activities are implemented. Through the IGE, the Branch has established long-standing cooperation with national competition authorities and competition experts worldwide. This is being further strengthened with selected countries through its national-level capacity building activities and recently the conduct of voluntary peer reviews.

Important relations with regional integration groupings of developing countries, such as UEMOA, were initiated to support the development and implementation of regional competition policy. In 2006, the Branch had extensive collaboration with IDRC in disseminating the joint UNCTAD/IDRC publication on competition issues in RTAs. Cooperation with NGOs and civil society, as well as the private sector, was also undertaken by the Branch.

B. Assessment and lessons learned

148. The São Paulo Consensus recognized competition policy as a cross-cutting issue with an important role in building supply capacity, competitiveness, market access and market entry, and in ensuring the equity of, and development gains from, the trading system. UNCTAD's central and unique role in this field was reconfirmed and its work programme reinforced by UNCTAD XI and the Fifth Review Conference, as well as the Mid-term Review of UNCTAD XI. UNCTAD is considered by the international community to be the principal international organization active in this area.

149. UNCTAD continued its demand-driven efforts to assist in the creation of competition culture for individual developing countries, countries with economies in transition, and regional and subregional integration groupings. Assistance in the form of conferences, seminars, workshops, training and advisory missions was provided in assessing the adverse effects of anti-competitive practices on trade and development and in taking steps to adopt, reform and implement effectively competition laws and policies, including through the drafting of domestic competition and consumer protection legislation or regional rules in this field, and institution-building in competition authorities. UNCTAD’s activities have greatly contributed to the awareness of developing countries and countries with economies in transition about the necessity of adopting and effectively implementing competition law and policy, with attention being paid also to linkages with the MDGs. A particular success this year was the voluntary peer review of the Tunisian competition policy, which follows on from the reviews of the Kenyan and Jamaican policies in 2005.

150. The annual IGE continues to serve as a unique forum for competition institutions and experts to discuss, review and develop consensus on key issues in this field. The training of UEMOA countries’ officials on the dissemination and enforcement of the UEMOA competition policy was another highlight. The dissemination seminars on the findings of the joint UNCTAD/IDRC publication on “Competition Provisions in Regional Trade Agreements" were important as they should have a concrete impact on the conclusion of international cooperation agreements in this area. The COMPAL programme continued to carry out enterprising work in Latin America.

151. UNCTAD’s technical cooperation activities were highly praised, as evidenced by the replies to the evaluation questionnaires distributed during these events. However, it has become apparent that requests for assistance with competition law and policy and consumer protection continue to exceed the assistance provided by UNCTAD, owing to limitations on its resources. There is a great need for additional extrabudgetary support to meet requests satisfactorily.

152. As countries seek to elaborate development-oriented competition and consumer policies to enhance their competitiveness and development, more in-depth economic analysis has been requested, in relation both to their domestic needs and to international negotiations. In particular, the need to strengthen capacities at regional level has been demonstrated. In enhancing countries' understanding of competition issues in the development process, UNCTAD’s consultative, analytical, and capacity-building activities will need to take better account of domestic economic realities and the potential offered by regional integration. This could be achieved in cooperation with, and with technical and financial support from, national competition agencies of developed countries and their donor institutions. The close cooperation between UNCTAD, donors and developing countries’ competition authorities has proved to be very effective in exchanging

knowledge and expertise, and in developing networking among competition experts. Specific attention would be given to the feedback received from users of different outputs/ activities in order to adjust the assistance provided and to make it as relevant as possible to needs.

VI. TRADE, ENVIRONMENT AND DEVELOPMENT BRANCH

Strengthened capacity of developing countries to pursue both trade and trade policy objectives and sustainable development objectives in a mutually supportive fashion in the context of the international trading system (Expected accomplishment (e) of subprogramme 3, Table 12.15 (A/60/6 Sect. 12)).

153. The Trade and Environment Branch has improved awareness and strengthened the capacities of developing countries to address important issues at the interface of trade, environment and development and take advantage of emerging opportunities for trade and sustainable development. The BioTrade Initiative has helped with export promotion, matchmaking between importers and exporters, improvement of market access, and trade-related legal issues. The consideration of biofuels in achieving energy security and sustainable development goals was promoted through the BioFuels Initiative. The Branch's activities have addressed key themes of environmental and health-related requirements and market access; liberalization of trade in environmental goods and services; protection, preservation and sustainable use of biodiversity and traditional knowledge; and organic agriculture. The Consultative Task Force on Environmental Requirements and Market Access (CTF) has been of practical value, and has had a practical impact on developing mutually supportive trade, environment and development policies. Many WTO Members have drawn on findings from UNCTAD's work on trade in environmental goods and market access issues, including environmental requirements. The collaborative and integrated approach to trade, environment and development is a hallmark of UNCTAD's work, including through the UNCTAD–FAO–IFOAM International Task Force on Harmonization and Equivalence in Organic Agriculture, the UNCTAD–UNEP CBTF, the CTF, BioTrade and BioFuels.

A. Major outputs and activities

154. The Branch, which has two sections, implements UNCTAD's mandates on ensuring development gains from international trade and trade negotiations in respect of trade, environment and development. The *Trade and Sustainable Development Section* addresses constraints faced by developing countries in the trade, environment and development nexus, and supports their effective participation in international deliberations, including in the WTO. It publishes the annual Trade and Environment Review, which analyses topical issues at the interface of trade and environment. The section carries out the activities of UNCTAD's CTF and the UNEP–UNCTAD Capacity-Building Task Force on Trade, Environment and Development (CBTF).

155. The *Biodiversity and Climate Change Section* promotes trade and investment in biodiversity-based products and services in developing countries to further sustainable development while alleviating poverty, especially in rural areas. It also explores the trade, development and investment opportunities of biodiversity and climate-change-related Multilateral Environmental Agreements (MEAs) such as the Convention on Biological Diversity (CBD), the Convention on Climate Change and the Clean Development Mechanism (CDM) of the Kyoto Protocol.

(1) Intergovernmental deliberations and consensus-building

- *Commission on Trade in Goods and Services, and Commodities and expert meetings*

156. The Branch provided inputs to the tenth session of the Commission on Trade in Goods and Services, and Commodities on the topic of trade, environment and development. It prepared the background document entitled "Trade, environment and development" (TD/B/COM.1/79). Trade and environment issues that had received considerable attention in international debate, such as environmental goods and services (EGS), were discussed by the Commission. UNCTAD's activities on EGS included contributions to the work of the Special Session of the WTO Committee on Trade and Environment, CBTF studies and policy

dialogues, a project-based CTF activity, and work on standards and enhanced market access in the field of organic agriculture.

157. Activities of the BioTrade Initiative to promote opportunities for trade in products derived from the sustainable use of biodiversity, and the recently created Biofuels Initiative, were discussed. A panel on "*Trade, development and environmental opportunities in the area of biodiversity and climate change*" examined opportunities for the emerging market for biofuels and how the Novel Food Regulation (258/97) of the European Union, which is currently being revised, affects developing countries in exporting biodiversity-based products and services. The need for coherent policies on export promotion, import regulations and biodiversity conservation was stressed.

158. The Branch contributed to preparing and servicing the Expert Meeting on the Participation of Developing Countries in New and Dynamic Sectors of World Trade: Review of the Energy Sector (29 November–1 December). The experts addressed issues such as the regulatory framework, food security and the interlinkage between the agricultural and energy sectors, world production and international trade, and unlocking finance potential for biofuels. The meeting highlighted concrete areas in which UNCTAD could play a unique role, in particular with respect to trade, legal and economic analysis of the biofuels option, the development of consensus-building tools and dissemination of reliable technical data to decision makers and SMEs in developing countries.

- *Brainstorming meetings and round tables*

159. As one of the objectives of BioTrade is to engage the private sector in biodiversity business, a round table on *biodiversity and small and medium-sized enterprises* was organized (Geneva, 23 March) regarding the role of the private sector in the implementation of the CBD. Companies specifically working in the natural ingredients sector shared their experiences and the challenges they face in areas such as certification, market access and benefit sharing.

160. The BioTrade Initiative convened a business round table (10 May) on the *Convention on Biological Diversity in the food, health and cosmetics industries*. It brought together for deliberations representatives of private companies working in the sector of natural ingredients from developing and developed countries interested in bringing their products to the market with social and environmental responsibility. Participants discussed the best approaches to meeting the objectives of the CBD. The discussions provided valuable inputs for UNCTAD's work and partner organizations.

161. The BioTrade Initiative convened a meeting (13 September) to discuss the creation of the *Union for Ethical BioTrade* with companies from the cosmetics and health industries. This was a follow-up to previous business round tables held in Curitiba (Brazil) and Geneva involving companies from developing and developed countries on the challenges faced when marketing products produced by following the BioTrade Principles and Criteria. During these meetings the creation of the Union for Ethical BioTrade was put forward by the private sector.

162. An event on *Biodiversity and the Global Market Economy* (13–14 November) brought together representatives from the different biodiversity-related MEAs and provided an informal platform for discussions on exploring the challenges and opportunities faced in implementing these agreements in the context of the global market economy. As a result of the workshop, an informal MEA network was formed and has committed itself to working on the issues of private sector engagement, incentive measures and international trade within the scope of individual mandates of the various biodiversity-related conventions.

(2) Participation in WTO-related activities

163. The Branch carried out several activities on environment-related issues prioritized in the Doha Work Programme. Work on environmental requirements and market access was carried out under two projects: "Building Capacity for Improved Policy Making and Negotiation on

Key Trade and Environment Issues", financed by UK-DFID, and the CTF, funded by the Dutch Government. The DFID-funded project completed the final of its three years of activities, and a wrap-up session was held (Geneva, 3–4 July). A number of country case-studies were conducted in East and South-East Asia, Latin America and the Caribbean, focusing on the implications of environmental and related health requirements for developing country agricultural producers and exporters. These studies, with additional analysis by UNCTAD, will be published in two monographs in 2007.

164. The Branch made a presentation on key findings and conclusions of its sector-focused work on environmental requirements and market access to the WTO's Seminar on EurepGAP, held on the sidelines of the autumn session of the WTO SPS Committee (9 October). At the invitation of the WTO secretariat, the Branch made a presentation on its work, including on issues relating to the interface with MDGs, to WTO Regional Workshops for Trade and Environment in Rabat for French-speaking African countries, and Gaborone for English-speaking African countries in November and December. This contribution was appreciated by the WTO secretariat (see Box 10).

Box 10. Expression of appreciation for UNCTAD's work on trade and environment

"I would like to thank you very much for your contribution to our 2006 regional workshops on Trade and Environment. Our cooperation was fruitful and beneficial to participants, who were able to gain a broader perspective of the relations between Trade and Environment in the WTO and the work of other agencies. For your information, we have three regional Workshops on Trade and Environment planned for next year. These will take place in: Thailand, for Asia, in March 2007; Barbados, for Caribbean, dates to be confirmed; Argentina, for Latin America. I very much hope that you will be able to contribute to these future events also, and will keep you informed as soon as we have confirmed dates."

Vesile Kulaçoglu, Director, Trade and Environment Division, WTO secretariat, in an e-mail dated 22 December 2006.

165. Considerable work was carried out on promoting exports and facilitating market access of organic agricultural products from developing countries. These included activities of the UNCTAD/FAO/IFOAM International Task Force on Harmonization and Equivalence in Organic Agriculture (ITF); technical cooperation projects; and the UNEP–UNCTAD CBTF in several East African countries (see below). The Branch also held a workshop in Bangkok (18–19 October) on the subject of "Maximizing the contribution of Organic Agriculture to Achieving the Millennium Development Goals in the Asia and Pacific Region".

166. The Branch continued its work on the trade and development aspects of traditional knowledge by disseminating its publication on an "Analysis of Options for Implementing Disclosure of Origin Requirements in Intellectual Property Applications". [26] This contributed to international debates on the relationship between TRIPS and the Convention on Biological Diversity. The Branch participated in CBD Working Groups, WIPO and WTO-TRIPS sessions.

167. Upon request, the Branch provided support to the Doha negotiations on the liberalization of trade in EGS. As an observer to the WTO Committee on Trade and Environment, UNCTAD provided substantive backstopping to the negotiations conducted in Special Sessions of this Committee (CTESS), and contributed to the technical information sessions held in conjunction with the negotiations. A series of consultative meetings were organized for Geneva-based delegations to the CTESS at their request, and were supported by substantive documentation prepared and commissioned by UNCTAD. UNCTAD also organized a workshop on EGS Liberalization and its Contribution to Fulfilling the MDGs in Asia and the Pacific (Bangkok, 19–20 October).

168. Judging from the feedback received from participating countries, these activities have been useful in promoting a better understanding of the formal submissions made in the CTESS, in particular systemic and technical issues implicit in the list-based and environmental project approach. At the invitation of the WTO

[26] UNCTAD/DITC/TED/2005/14.

secretariat, UNCTAD participated in the WTO Regional Seminar on Trade and Environment for the Gulf States (Doha, 28–29 March), which was entirely devoted to environmental goods, including cleaner energy goods, in the context of the WTO negotiations. UNCTAD also contributed to the Regional Workshop on Trade and Environment Capacity Building, organized by ESCWA back to back with the WTO event (25–27 March). It participated in other WTO regional seminars, which featured, among other subjects, environmental goods (Rabat, Gaborone). Work has been initiated on the 2007 Trade and Environment Review, which has environmental goods and services as a theme. Two studies have already been commissioned for the Review to look at the WTO negotiations from a broader perspective of sustainable development and MDGs, and to address non-tariff measures affecting trade in select categories of environmental goods.

(3) Technical documentation

169. A number of technical reports and notes were prepared by the Branch:

- The Emerging Biofuels Market: Regulatory, Trade and Development Implications (UNCTAD/DITC/TED/2006/4);
- An Assessment of Projects on the Clean Development Mechanism (CDM) in India (UNCTAD/DITC/TED/2006/5);
- An Assessment of the Biofuels Industry in India (UNCTAD/DITC/TED/2006/6);
- An Assessment of the Biofuels Industry in Thailand (UNCTAD/DITC/TED/2006/7);
- Opportunities and Challenges of Biofuels for the Agricultural Sector and the Food Security of Developing Countries;
- First experiences in the support of value chains for BioTrade products;
- BioTrade Principles and Criteria;
- The BioTrade Initiative and Verification;
- BioTrade Verification Framework for Natural Ingredients;
- Market Brief on Tropical Flowers and Foliage Market Scan of the EU;
- Market Brief on Paiche *(Arapaima gigas);*
- BioTrade Facilitation Programme Newsletters;
- BioTrade Facilitation Programme Technical Updates;
- Business-to-Business News;
- Report of the wrap-up workshop of the UK-DFID-funded Project "Building Capacity for Improved Policy Making and Negotiation on Key Trade and Environment Issues" and Annual Session of UNCTAD's CTF;
- Food Safety and Environmental Requirements in Export Markets — Friend or Foe for Producers of Fruit and Vegetables in Asian Developing Countries? (UNCTAD/DITC/TED/2006/8);
- Market access and agricultural products in Central America, Cuba and the Dominican Republic: Requisitos Ambientales, Competitividad Internacional y Acceso a Mercados en America Central, Cuba y la Republica Dominicana

(4) Advisory services, technical assistance and capacity-building

170. The *Trade and Sustainable Development Section* of the Branch implemented a number of activities. As noted above, the project on "***Building Capacity for Improved Policymaking and Negotiation on Key Trade and Environment Issues***" was completed and a concluding meeting took place, with lessons learned to be compiled into a major publication.

171. The Branch contributed to the sixth meeting of the ***UNCTAD/FAO/IFOAM International Task Force on Harmonization and Equivalence in Organic Agriculture*** (Stockholm, 9–13 October).

172. Under ***UNCTAD's CTF***, the following activities were implemented:

- Investigating the possibility of developing an Internet "portal" that facilitates access to, and interfaces existing information clearing houses on mandatory and voluntary requirements on, environmental and health-related requirements;
- Investigating options for the development of national or subregional codes on good agricultural practice for horticulture that are ultimately benchmarked to EurepGAP.

Under the CTF, three series of country-case studies (in Asia: Malaysia, Thailand, and Viet Nam; in Latin America: Argentina, Brazil and Costa Rica; and in Africa: Ghana, Kenya, and Uganda) on this topic have been carried out, the results of which are currently being prepared for publication in three reports.

- Annual session of the CTF (Geneva, 3–4 July), which took stock of ongoing CTF work, planned future activities, and discussed the results of UNCTAD's research under the CTF and DFID-funded projects on (a) horticulture and (b) electrical and electronic equipment and energy-saving products.

173. Under the ***UNEP–UNCTAD CBTF***, with regard to promoting production and trading opportunities for organic agricultural products in East Africa, the following were undertaken:

- Regional Workshop on Organic Agriculture in East Africa (Arusha, 6 March);
- Meetings in Nairobi (11–15 December), including a CBTF-IFOAM East Africa Organic Policy Workshop and an Organic Standard Forum;
- The second, third and fourth meetings of the Regional Standard Technical Working Group, which is working towards a regional standard for organic agriculture for East Africa. To implement this project, UNCTAD and UNEP are collaborating with the FAO, the International Federation of Organic Agriculture Movements (IFOAM), ITC, Grolink and AgroEco through the "Export Promotion of Organic Products from Africa" (EPOPA) Programme, and national institutions in the beneficiary countries;
- Other CBTF activities included a national workshop on EGS (Quito, 17–18 July) that helped policymakers deal with technical issues relating to product coverage, negotiating modalities and any implementation problems that customs administrations may have to handle.

174. The Branch implemented, under a development account project on ***trade and MDGs***, regional workshops in Bangkok on (a) maximizing the contribution of organic agriculture to the achievement of MDGs in the Asia-Pacific region (18–19 October), and (b) liberalization of environmental goods and services and its contribution to fulfilling MDGs in the Asia-Pacific region (19–20 October). The workshops were held back to back with an ESCAP Workshop on the Trade and Environment Dimensions in the Food and Food Processing Industries in Asia and the Pacific (16–18 October), which the Branch assisted.

175. The Branch contributed to the ***JITAP activities*** on (a) a national workshop for Senegal on building capacities on trade and environment issues related to the Doha Work Programme (Dakar, 2–4 May); and a regional workshop on "The Multilateral Trading System and the role of gender, civil society organizations and the media" (Accra, 28–30 November).

176. The *Biodiversity and Climate Change Section* of the Branch implements the (1) BioTrade Initiative, which supports sustainable development through trade and investment in biological resources consistent with the objectives of the CBD; (2) the BioTrade Facilitation Programme, which facilitates sustainable trade in biodiversity-based products and services through innovative collaborative arrangements that enhance sustainable bio-resources management, product development, value-added processing and marketing; and (3) the BioFuels Initiative, which supports developing countries in assessing their potential in embarking on the use and production of biofuels as an emerging trade, investment and energy-alternative opportunity.

177. The ***BioTrade Initiative*** supports BioTrade national programmes in Bolivia, Brazil, Colombia, Costa Rica, Ecuador, Peru, Uganda, Venezuela and Viet Nam, as well as regional programmes in the Amazon and Andean regions. In collaboration with its partners, workshops have been conducted on implementing biotrade activities at the national and regional levels.

178. In implementing the objectives of the CBD, the BioTrade Initiative, through its ***BioTrade Facilitation Programme,*** has supported the

implementation of sector strategies, which involve different conservation and sustainable-use practices according to the type of product and the potential impact of the productive systems on biodiversity.

179. The equitable sharing of benefits arising from the use of biodiversity is a fundamental tenet of the BioTrade Initiative and a critical element of the sustainable use of biodiversity under the CBD. In this regard, the BioTrade Initiative guides companies on how to best fulfil equitable benefit-sharing principles.

180. The ***BioFuels Initiative*** conducted initial national assessments of the biofuels industry in India, Thailand and the Philippines. It has also prepared a paper on the regulatory, trade and development implications of biofuels to provide developing countries with the economic and trade policy analysis to assist them in addressing the challenges of biofuels use and production. In addition, a paper analysing the potential global effects of expanding biofuel feedstock production on food security and commodity prices, and the regulatory, trade and development implications of the emerging biofuels market in developing countries, was also prepared.

181. The staff of the Branch participated as ***resource persons*** in a large range of events related to the work of the two sections, notably:

- As noted previously, various WTO workshops on trade and environment;
- The 14th session of the Commission on Sustainable Development (New York), and the (i) side event on **"**International Cooperation on Bioenergy" organized by the FAO (9 May); (ii) the round-table discussion on biofuels and development organized by UNF (10 May); (iii) the coordination meeting of UNF, UNDP, UNIDO, UNEP, FAO and UNCTAD (11 May); and (iv) the first meeting of the Steering Committee of the Global Bioenergy Partnership organized by the Ministry for the Environment and Territory of Italy (12 May);
- International Conference on "Biofuels — Global Potential and Implications for Sustainable Agriculture and Energy in the 21st Century" (Berlin, 16–17 May);
- World Trade Institute lecture on "Biofuels: Trade and development implications" (Bern, 22 May), and Workshop on Energy and WTO Law (Bern, 17 November);
- UN Framework Convention on Climate Change workshop on the Kyoto Protocol (Abu Dhabi, 4–6 September);
- Technical Working Group of the Steering Committee of the Global Bioenergy Partnership (Rome, 28–29 September);
- International Conference on Sustainable Criteria for Bioenergy (Bonn, 12–13 October);
- Seminar on Biofuels for Switzerland organized by IISD (Bern, 31st October);
- Biofuels Steering Board Meeting (Lausanne, 28 November).

(5) Cooperation with other organizations

182. A number of collaborative activities (noted above) were implemented by the Branch under the UNEP–UNCTAD CBTF initiative. In its work on EGS, the Branch closely collaborated with the WTO and OECD as well as with ICTSD, IISD and IIED. Activities included support to the WTO negotiations on the liberalization of trade in EGS. On environmental requirements and market access, the Branch closely cooperated with IISD, STIC, Inmetro, the EurepGAP secretariat, the Chinese Chamber of Commerce, the Federation of Thai Industries, and the Philippine Promotion and Exporters Association. It continued cooperation with FAO and IFOAM in the ITF and with ESCAP.

183. UNCTAD's Biofuels Initiative offers a facilitating hub for programmes or initiatives already under way in a number of institutions. The Initiative has established or participates in a number of original partnerships (see Box 11).

184. The BioTrade Initiative has over the years developed several active partnerships with national and international organizations. Among them are Regional BioTrade Programmes through which close cooperation has been established with the Andean Community, the Andean Development Bank, the Southern African association of 60 enterprises of

PhytoTrade Africa, the Amazonian Cooperation Treaty Organization and the Brazilian Biodiversity Fund. Regional programmes with these organizations have developed regional strategies and policies to support BioTrade activities and provide concrete support to their implementation of national biotrade programmes.

Box 11. Biofuel Initiative Partnerships

(a) The International Bioenergy Platform of FAO. The Platform was launched during CSD-14. UNCTAD and FAO will join efforts in the proposed research on potential conflicts and/or synergy between agricultural production for food security and energy uses;
(b) United Nations Framework Convention on Climate Change for biofuels projects under the CDM of the Kyoto Protocol;
(c) G8 Global Bioenergy Partnership (GBEP). UNCTAD is already an ex-officio member and is in the process of finalizing legal modalities for its official membership of its Steering Committee. The Ministry for the Environment and Territory of Italy, which serves as the Secretariat of the GBEP, requested UNCTAD to draft a project for joint work in developing baseline methodologies for biofuels projects under the CDM;
(d) UNEP-Risoe for the development of baseline methodologies for CDM projects. UNEP will cover environmental aspects and UNCTAD will explore how to promote greater investment flows under the CDM;
(e) International Federation of Agricultural Producers (IFAP);
(f) European Investment Bank for long-term loans for biofuels projects in developing countries or even grants for the certification of carbon emissions resulting from biofuels projects;
(g) Inter-American Development Bank for joint activities in the Dominican Republic and Central America.

B. Assessment and lessons learned

185. UNCTAD's work on the key focal themes of environmental requirements and market access, EGS, protection, preservation and sustainable use of biodiversity and traditional knowledge, and trade and investment opportunities under the Clean Development Mechanism, especially the BioTrade Initiative and the BioFuels Initiative, has demonstrated that greater concrete action at the international and national levels is needed to promote a more proactive strategy on trade, environment and development. This requires enhanced policy coherence at the national level, active participation in international discussions and enabling frameworks, and more sector- and country-focused analysis and capacity development. UNCTAD would strengthen this work further in line with the São Paulo Consensus and the relevant outcomes of the Mid-term Review.

186. The Branch succeeded in providing practical value and specific impact on developing mutually supportive trade, environment and development policies, including in achieving the MDGs. This is demonstrated by the active involvement of an increasing number of developing countries in sector- and country-specific activities carried out by the Branch and by references to UNCTAD's work in the CBD, CITES (Convention on International Trade in Endangered Species of Wild Flora and Fauna), RAMSAR (Convention on Wetlands) and the Convention on Climate Change, as well as by the substantial number of references to findings and recommendations of UNCTAD's work in meetings of the WTO, WIPO, the OECD and other institutions. The WTO secretariat welcomed UNCTAD's inputs to its workshops and has sought UNCTAD's contribution to its events in 2007.

187. The Branch's technical cooperation and capacity-building activities have been found useful by a wide range of developed and developing countries, including with regard to WTO negotiations. Over 95 per cent of participants who returned evaluation questionnaires for events organized in 2006 indicated that the activity had met the needs of their organization and was relevant for their work. Many WTO Members have drawn on findings from UNCTAD's work in their interventions, in particular in the areas of trade in environmental goods and market access issues. UNCTAD was invited by the WTO Committee on Trade and Environment to submit two specific reports on its activities and findings on (i) liberalization in environmental goods and services, and (ii) environmental requirements and market access.

188. The launching of new CTF activities responds to the needs of developing countries in the area of environmental and related health requirements, which are a growing area of regulatory and standard-setting activity. UNCTAD's analytical and technical assistance activities have demonstrated that ensuring a transparent and consultative process with affected parties can do much to minimize those requirements' adverse effects. To ensure that they are not misused for reasons of trade protectionism, environmental requirements need to be the subject of greater focus by practitioners and policymakers. The CTF will facilitate moves in this direction by helping to develop a more holistic and development-oriented approach to environmental requirements and market access.

189. The BioTrade Facilitation Programme successfully played the role of key facilitator for trade of biodiversity products and services (especially of the rural poor) through market information, business development, market access and consolidation and enabling legislation. The programme will end in June 2007 and discussions are under way with potential donors for a second phase.

190. The collaborative and integrated approach to trade, environment and development is reflected in the Branch's involvement in partnerships such as the UNCTAD–FAO–IFOAM ITF, the UNCTAD–UNEP CBTF, the CTF, the BioTrade Initiative partnership arrangements, the Biofuels Initiative and cooperation with the WTO. Many private sector representatives participated in the subregional, national and training workshops organized under the project "Building Capacity for Improved Policy Making and Negotiation on Key Trade and Environment Issues", and activities of the CTF and BioTrade Initiative. The private sector actively supported analytical work and provided many resource persons. For example, project activities launched under the CTF are, to a significant extent, being implemented by or in close collaboration with the private sector, notably business associations in the electronics and horticultural sectors.

191. The Branch was successful in mobilizing donor support for its technical assistance and capacity-building activities (from the Netherlands, the EU, Sweden, Switzerland and the UN Foundation). New financial contributions were obtained for work on environmental requirements and market access (Netherlands and EU); the UNCTAD/FAO/IFOAM ITF (from Sweden and Switzerland) and the UNEP–UNCTAD CBTF (EU).

192. However, the number of requests for UNCTAD's assistance has grown dynamically, and the Branch could not respond favourably in all cases in view of current limited resources. In particular, the use and the production of biofuels are an option for developing countries in meeting their development goals, achieving energy independence and sustainable development, and there has been mounting interest from developing countries in exploring this option. While several developing countries may already be or could become efficient feedstock and biofuel producers, different countries have different opportunities. Specific country-based assessments will help single out those countries that are best placed to engage in the biofuel industry, and will assist them in setting up appropriate strategies. Several developing countries have already requested UNCTAD to conduct assessment studies; however, with limited financial and human resources, the Biofuels Initiative could not respond favourably to all these requests. Additional fund-raising will be required if UNCTAD is to provide technical assistance to those countries.