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DRAFT REPORT OF SESSIONAL COMMITTEE I

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Addendum

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Chapter I

TRADE POLICIES, STRUCTURAL ADJUSTMENT AND ECONOMIC REFORM:
ISSUES RELATING TO NATIONAL TRANSPARENT MECHANISMS IN THE
CONTEXT OF THE FIGHT AGAINST PROTECTIONISM

(Agenda item 6)

(continued)

Action by Sessional Committee I

24. At its 3rd meeting, on 5 October 1992, Sessional Committee I decided to incorporate the Chairman's Summary into the report of its session, as appropriate.

Comments following action by Sessional Committee I on agenda item 6

25. The spokesman for the Commission of the European Communities proposed changing formulations such as "consensus" in the Chairman's Summary to read "the view was widely held ..." or "many participants felt that ...", etc., which he felt would more faithfully render the extent of agreement.

26. In reply to the comments of the representative of the Commission of the European Communities, the Chairman reiterated his earlier remarks that the Summary reflected his impressions of the Committee's discussions on this item.

27. The representative of Mexico commended the Summary, coming as it did at the end of discussions on the subject, as being particularly useful. Since it reflected the Chairman's conclusions, he believed that it was virtually inevitable that there would be slight nuances, particularly in the light of the large number of delegations expressing their views.

28. The representative of Colombia stated that, as a faithful reflection of the informal discussions, the Chairman's Summary would be a good way to bring conclusions to the attention of the Board. He also noted that the advantages offered by such a summary would be appreciated in national capitals.

29. The representative of the United States of America stated that the experts had made an outstanding contribution to the informal discussions. The presentations had been an extraordinary demonstration of the high quality of debates in UNCTAD, free of unnecessary political agendas. Despite their erudite technical level, the ideas and concepts were of great value in terms of economic growth and broadening of approaches to this subject.

ANNEX

THE CHAIRMAN'S SUMMARY

1. In accordance with paragraph 132 of the Cartagena Commitment, Sessional Committee I discussed the relevant features of transparent mechanisms in the context of the fight against protectionism. Sessional Committee I also held informal discussions to exchange views and ideas with high-ranking officials from organizations concerned with transparency.
2. There was a strong consensus that transparent mechanisms could be one of the important instruments against trade protectionism. It was important to distinguish between, on the one hand transparency for the purpose of evaluating the benefits and costs of existing protection and, on the other hand, trade-policy initiatives and transparency in the context of the administration of existing trade regulations and trade remedies.
3. It was held that in many cases such mechanisms made significant contributions towards trade liberalization. Success depended on the commitment of Governments to liberalize trade and make positive structural adjustments. It also depended on the trade-policy institutional framework in the country concerned.
4. It was noted that many developing countries and countries in transition had unilaterally embarked on substantial economic reform, including trade liberalization. These measures were not without social and economic cost. Transparency mechanisms could assist the process by providing information for knowledge-based trade policy decision-making and for better public understanding. Furthermore, such information would justify and encourage Governments to be bolder in their reform and liberalization efforts.
5. A favourable international economic environment would ease the reform process and render irreversible the policies aiding the integration of developing countries into the world economy. Transparency agencies in developed countries could play an important role in enhancing this environment, especially through improving market access for products of export interest to developing countries. It was indicated that such agencies had in fact assisted Governments in undertaking structural adjustment in various industries.
6. There was a general consensus that the six features identified in paragraph 64 of the secretariat document (TD/B/39(1)/3) provided a good basis for transparency agencies. However, it had been stressed, these mechanisms should be introduced in a staged manner, in accordance with the institutional set-up of the countries concerned.

7. Regarding the features, it was emphasized that transparency agencies should be independent both from political pressure and from policy-making. Their scope of activities should include fact-finding, analysis, policy advice, and dissemination of information to the public.

8. It was also emphasized that opportunities should be provided for all interested parties to participate in the procedures of the transparency agency.

9. There was general consensus that the transparency studies should cover the economy-wide aspects of existing protectionism and new trade-policy initiatives. The studies should analyse the entire gamut of domestic measures which impinge on trade, including anti-dumping and anti-subsidy actions. It would be desirable if the studies also examined the impact of protection on trading partners, in particular the developing countries. It was considered useful for UNCTAD to follow developments in this regard.

10. Technical assistance should receive the highest priority and include information on the establishment of agencies, assistance in institution building, and training regarding appropriate economic methodology and data-gathering. The Committee invited the donor countries and donor agencies to support these efforts. It was noted with appreciation that some existing agencies were willing to participate and contribute to UNCTAD technical cooperation activities.

11. The Committee expressed its appreciation for the outstanding contribution made by the high-ranking officials who had been invited to participate in the two days of informal discussions on transparency mechanisms. This interaction had proved to be extremely fruitful. The secretariat of UNCTAD had been requested to circulate the statements of these officials to member Governments, as appropriate. Moreover, the secretariat was encouraged to arrange for further such interaction involving high-level experts with regard to other topics in the area of trade on the agenda of the Trade and Development Board.
