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**DRAFT REPORT OF THE TRADE AND DEVELOPMENT BOARD
ON THE SECOND PART OF ITS THIRTY-NINTH SESSION**

Held at the Palais des Nations, Geneva,
from 15 to 26 March 1993

Rapporteur: Mr. Banmali Prasad Lacoul (Nepal)

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Chapter III

OTHER MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT

(Agenda item 9)

Report of the Joint Advisory Group on the
International Trade Centre UNCTAD/GATT on
its twenty-fifth session
(ITC/AG(XXV)/134 and Add.1)

1. The Chairman of the Joint Advisory Group (Finland), introducing the report, recalled that although the twenty-fifth session of the Joint Advisory Group had originally been scheduled to be held in April 1992, it had been postponed at the request of several Governments which had felt that, in view of the very substantive agenda, such a meeting should only be held following the appointment of a new Executive Director. However, after extensive consultations, the Executive Heads of GATT and UNCTAD had decided to convene a short meeting of the Group on 26-27 November 1992. The main item at that meeting had been a review of the technical cooperation activities of the International Trade Centre UNCTAD/GATT (ITC) in 1991, based on its Annual Report. In opening the Group's general debate, the Deputy Secretary-General of UNCTAD, referring to previous discussions of the UNCTAD'S Trade and Development Board, had recalled ITC's crucial role in providing assistance to developing countries, conveyed the Board's determination that ITC should remain a joint UNCTAD/GATT operation, and stressed that the problem concerning the post of Executive Director should be resolved urgently. The Officer-in-Charge of ITC, in introducing the Annual Report, had noted that 1991 had been a year of transition characterized by the expected departure of its Executive Director, the shift to a new medium-term plan and the final year of the UNDP's Fourth Programming Cycle and preparations for the Fifth. The transition had affected the entire organization and had been reflected in a lower than expected overall programme delivery. 1991 had also

been marked by an increased emphasis on the business orientation of the ITC programme - an approach which had arisen from the changes taking place in developing countries as a result of structural adjustment and reform policies. The Group had underlined the ITC's key role in assisting developing countries in their trade promotion and export development efforts, and had commended the ITC secretariat for discharging its responsibilities efficiently during 1992 in spite of the prevailing difficult circumstances. The Group had also stressed the importance of filling as soon as possible the post of Executive Director and other vacant top-level posts, in order to allow ITC to continue to provide steady support to developing countries' trade promotion efforts.

2. The Group had urged donors to the ITC's trust fund, and UNDP, to do their utmost to ensure an adequate flow of resources to ITC, commensurate with developing countries' increasing trade promotion requirements. In this context, particular importance had been attached to the initiative for the establishment of a Global Trust Fund and Consultative Committee which would give ITC the flexibility needed to deal with the changing needs of recipient countries. The Group had noted that extensive programming efforts should result in an enhanced share for ITC of resources available under the UNDP's Fifth Programming Cycle.

3. The Group had reviewed the ITC's operational activities in 1991 under its eight sub-programmes and had noted that, since the beginning of 1992, ITC had been working within the framework of the new Medium-term Plan (1992-1997) which had introduced a new structure for the sub-programmes. Several representatives had commended ITC for providing effective support in 1991 to their programmes on export development and import operations and techniques.

4. The spokesman for the Latin American and Caribbean Group (Chile) recalled that the Centre's technical cooperation activities in 1991 had been reviewed as recently as November 1992. He referred to a number of constructive initiatives that had emerged since then, such as the proposal for the establishment of a global trust fund and Consultative Committee, which could be of considerable support in restructuring the organization. He added that Governments would soon have the opportunity to review the Centre's annual report on its 1992 activities. His Group, therefore, considered that it would not be useful for the Board to undertake a detailed study of the report for 1991 at this stage.

5. He expressed concern at the failure to take a decision to fill the post of Executive Director of ITC, which had been lying vacant for 14 months. This situation undoubtedly affected the Centre's efficiency and should be given priority attention by all Governments. The Latin American Group felt that the best option in this regard was to maintain this post at the level of Assistant-Secretary-General, in order to designate the person best qualified person to represent ITC at the required level to obtain from the donor countries the extrabudgetary resources which supported a large share of ITC's technical cooperation activities. It was urgent that an open competition be initiated in order to attract the most suitable candidate.

5. The representative of Sweden, speaking on behalf of the Nordic Countries (Denmark, Finland, Norway and Sweden) said that, in view of the current situation in ITC, he would not comment at this juncture on the 1991 report. He recalled that the Nordic countries were among the major donors of ITC, a fact which reflected their recognition of the Centre's work. The prevailing situation in which ITC was left drifting without the appointment of a new top management was having serious consequences on the work of ITC. If a solution were not found soon, both staff morale and general confidence in ITC would be impaired, and financial contributions for new

activities would be withheld, with implications for project timing and execution. The Nordic countries believed that the post of Executive Director should be filled urgently in order to give ITC the leadership it desperately needed and to secure continued funding for its activities. Otherwise the future of the organization might be at stake, to the serious detriment of developing countries. He therefore hoped that a unanimous solution to the impasse would be found during the current examination of the matter in New York. In the meantime, the Nordic countries believed it was inappropriate to hold a regular Joint Advisory Group meeting before the leadership question had been settled and ITC's operating conditions normalized.

7. The representative of Switzerland expressed his Government's concern regarding ITC's future and the fact that the discussion regarding the level of the Executive Director post might weaken the organization. He reiterated the position of Switzerland, namely that the size and importance of ITC warranted a manager at ASG level. His Government regretted the proposal to abolish the ASG post in ITC, as this change might affect an organization whose functioning and operation had hitherto been praised by the international community. The transitory situation prevailing in ITC for over a year should now come to an end. Under a new leadership, ITC would regain the necessary impulse to determine its priorities in accordance with its areas of excellence. He called for the holding of a regular Joint Advisory Group meeting next Spring to enable all interested Governments, donors and beneficiaries to provide ITC's management and secretariat with the required guidance in its day-to-day operations.

8. The representative of the Russian Federation referred in particular to paragraph 18 of ITC's Annual Report for 1991, which outlined ITC's assistance to countries in transition. He commended the Centre for its achievements and expressed the hope that cooperation between his Government and ITC would continue and develop in this area. With reference to paragraph 21 of the report, he said that the role

of the Centre might increase upon the expected successful conclusion of the Uruguay Round.

9. He expressed concern at the fact that the post of Executive Director remained vacant. While noting that the Centre was discharging its duties successfully despite the difficult conditions, he hoped that the voice of both developing countries and donors would be heard and a mutually acceptable solution found. One should avoid giving any impression that the professions of faith in the economic reform process were somehow not underpinned by efforts to ensure the efficient running of ITC.

Action by the Board

10. At its 823rd meeting, on 23 March 1993, the Board took note of the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-fifth session (ITC/AG(XXV)/134 and Add.1).