



**United Nations
Conference
on Trade and
Development**

Distr.
LIMITED

TD/B/EX(12)/L.1
7 March 1996

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Twelfth executive session
Geneva, 26 February 1996
Agenda item 6

**DRAFT REPORT OF THE TRADE AND DEVELOPMENT BOARD
ON ITS TWELFTH EXECUTIVE SESSION**

Rapporteur: Mr. Jan Piotrowski (Poland)

AGENDA ITEM 2

Speakers:

Secretary-General of UNCTAD
Secretary-General of Ministry of
Industry and Trade (Jordan)
Islamic Republic of Iran (for
Asian Group)
Colombia (for Latin American and
Caribbean Group)
Egypt (for African Group)
Italy (for the European Union)
Norway (paras. 21 and 31-33)

Finland
Switzerland (paras. 23 and 35-37)
Germany
Canada
Russian Federation
Hungary
Romania
Japan
United States of America

Note for Delegations

This draft report is a provisional text circulated for clearance by delegations.

Requests for amendments - to be submitted in English or French - should be communicated, not later than one week after the closing meeting of the twelfth executive session to:

The UNCTAD Editorial Section
Room E.8106
Fax No. 907 0056
Tel. No. 907 5654 or 5655

INTRODUCTION

1. The twelfth executive session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 26 February to 29 March 1996. The main task of the session was to launch the substantive preparations for the ninth session of the United Nations Conference on Trade and Development, to be held in Midrand, South Africa, from 27 April to 11 May 1996.

2. At the 872nd (opening) plenary meeting, on 26 February 1996, several delegations made statements in connection with agenda item 2 (Preparatory process for the ninth session of the Conference). These statements are summarized in chapter I.

3. At the same meeting, the Board established an open-ended Committee of the Whole which, meeting informally under the chairmanship of the President of the Board, was mandated to elaborate a substantive pre-Conference text and to consider any other matters that might be relevant to the preparatory process for UNCTAD IX. The Committee of the Whole was called upon to report on the outcome of its deliberations to the Board at its closing plenary meeting, on 29 March 1996. (For the pre-Conference text approved by the Board, see annex I).

Tribute to the memory of H.E. Mr. Martin Huslid (Norway)

4. At its 872nd plenary meeting, on 26 February 1996, the Trade and Development Board observed a moment of silence in memory of Ambassador Martin Huslid (Norway) who passed away in Brussels on 14 February 1996. Mr. Huslid had served as President of the Board at its thirty-first session in 1985, as well as chairing other intergovernmental bodies of UNCTAD.

Chapter I

PREPARATORY PROCESS FOR THE NINTH SESSION OF THE CONFERENCE

Establishment of the Committee of the Whole

(Agenda item 2)

A. Statements made at the 872nd (opening) plenary meeting

5. Introducing the "Report of the Secretary-General of UNCTAD to the ninth session of the Conference" (TD/366), ^{1/} the Secretary-General of UNCTAD said that he wished to make some personal comments on developments that had been taking place since the report had been issued in late December 1995. At the ceremonial meetings of the United Nations General Assembly to mark the fiftieth anniversary of the Organization, all Heads of State or government had emphasized the need for profound administrative and budgetary reform of the United Nations system. All international organizations were currently going through a period of acute financial crisis and reform, but UNCTAD was the only body that was due to hold a major decision-making Conference in the midst of this crisis. The Conference would thus put to the test the earnestness and the capacity of the international community to reform the fabric of international relations.

6. As he saw it, there were three basic aspects to resolving the current crisis:

- (a) The first was UNCTAD's own responsibility. Ultimately, UNCTAD would be judged by its capacity and willingness to reform itself. This would be demonstrated by the new internal organization and structures that would need to be adopted in response to the work-programme decisions taken by the Conference at its ninth session.
- (b) The second aspect related to the political will and the ability of member States to impart new directions to the UNCTAD work programme. The Secretary-General's report was the outcome of the secretariat's collective thinking on how the future work of UNCTAD could evolve. It was now up to member States to begin the process of selecting

^{1/} This report was before the Board in a preliminary mimeographed version (TD/366). Subsequently, the report was reissued as a printed publication under the symbol TD/366/Rev.1.

meaningful priorities for the work programme, with a view to drawing up a pre-Conference text to take to South Africa.

- (c) The third aspect concerned the implications of the financial crisis affecting the United Nations as a whole. Unlike the two previous aspects, this one lay largely beyond the reach of the UNCTAD membership. Its effect, however, would be to render reform itself a difficult uphill process.

7. Outlining his views on the future orientations and structures of UNCTAD, he said that UNCTAD's role in consensus-building would largely determine his own ideas and proposals on work-programme priorities. On the secretariat side, he would seek to streamline the internal structures with a view to making them more efficient and responsive to new and evolving work programmes. He would aim also to generate a new management culture based on concepts of service and accountability. Ideally, there would be fewer meetings in future, but they would have greater expert participation and would be more sharply focused. Hitherto, the final beneficiaries of UNCTAD's operational activities had been largely absent from the intergovernmental meetings. He was convinced in fact of the need to allow for the participation of all actors in the international economy - TNCs, SMEs, NGOs and representatives of the civil society - in order to update and revitalize UNCTAD's work.

8. **The Secretary-General, Ministry of Industry and Trade of Jordan** presented, on behalf of the Asian Group, the Amman Final Documents adopted by the Eighth Ministerial Meeting of the Asian Group of the Group of 77 on 11 January 1996 (AS/MM/77(VIII)/1/Rev.1). He noted that the Amman Meeting had sought to ensure transparency by allowing for the participation of several non-Asian countries and regional groups, as well as the World Bank and IMF. A novel feature of the Meeting had been the holding of a Round Table in which the Ministers had had a frank and informal exchange of views on very specific questions relating to the future role and mandate of UNCTAD.

9. The Asian Group Ministers believed that, without prejudice to its important global macro-economic analysis functions, the main thrust of UNCTAD's work over the coming years should be along two complementary axes. Firstly, from its unique development perspective, UNCTAD should contribute to the preparation of the agenda for future negotiations in trade, investment, services and technology. Secondly, it should focus on the delivery of practical services to member States in the form of technical cooperation and advice in such areas as trade negotiations and trade efficiency, investment promotion, and enterprise development.

10. The spokesman for the Asian Group (Islamic Republic of Iran) said that the Asian Group was particularly concerned at the growing marginalization of many developing countries in the new global economy. The Marrakesh Declaration had itself recognized that there would be some transitional cost for developing countries in the implementation of the Uruguay Round Agreements. But although the current momentum for reform might be seen by some in terms of moving towards a new mandate for UNCTAD, the Asian Group believed that UNCTAD's mandate was still valid and that it was necessary only to streamline its institutional arrangements and the focus of its activities. UNCTAD should adopt an integrated approach to development in the key areas of its work and should opt for cooperation and complementarity with other organizations, in particular the Bretton Woods institutions and WTO. The development of a built-in supervisory mechanism could help ensure consistency and harmony among UNCTAD's intergovernmental bodies and develop into a comprehensive follow-up mechanism.

11. In line with the foregoing principles, the Asian Group reaffirmed the pivotal role of the Trade and Development Board. The Board should hold one regular annual session in early Autumn, of 10 days' duration, with a built-in high-level segment. The regular session would deal with interdependence and global issues on the basis of the Trade and Development Report and it might identify two or more policy issues for properly focused action by the secretariat. The executive sessions would deal with both substantive policy issues and housekeeping/institutional matters. The Asian Group agreed that the extended Bureau of the Board should have a more substantive presence, but this did not mean that the Bureau had a policy-making role. The Bureau's role would be to enable the Board itself to discharge its mandate more efficiently.

12. As for the subsidiary bodies of the Board, the Asian Group favoured the creation of four Commissions as follows:

- (i) Commission on Development
- (ii) Commission on Trade
- (iii) Commission on Services
- (iv) Commission on Financial Resources.

The Commissions would report annually to the Board. Each Commission would be able to set up intergovernmental groups of experts. Whereas the Commissions were universal bodies, the expert groups should be fairly small - ideally not more than 30 members - so that they could arrange for the participation of qualified experts from member countries, funded through UNCTAD's regular budget. The option of holding expert group meetings outside Geneva should be kept open.

13. The spokesman for the Latin American and Caribbean Group (Colombia) presented the Caracas Declaration adopted by the Latin American Coordination Meeting for the ninth session of the Conference on 18 January 1996 (LA/MM/77(VIII)/1). He reported that the Ministers had reaffirmed the full validity of UNCTAD's original mandate, as supplemented at UNCTAD VIII in Cartagena de Indias. At the same time, the Coordination Meeting was convinced that there was a pressing need to reform and revitalize both the operative and the institutional aspects of UNCTAD, a central element of this process being the strengthening of UNCTAD's basic functions. The future institutional structure should be based on three interlinked hierarchical levels, namely the Board, the sectoral Commissions and the expert groups. The Board, which would consider interdependence and global economy issues, would set the general political and functional orientations. It would hold one annual regular session, which should include a high-level segment. The Commissions would be established in principle in the areas of trade, investment and services, and subsidiary expert groups would deal with other traditional UNCTAD subjects. It was essential to ensure the participation of experts from developing countries in such groups, and the institutional reform undertaken by the Conference should include seeking modalities for financing such participation from the regular UNCTAD budget.

14. He regretted that, whereas the positions of the developing countries on the Conference agenda items were well known thanks to the regional Ministerial Declarations, little or nothing was known of the position of the developed countries. It was important for the developed countries to make known their views so that all parties could engage in a substantive debate in the course of the preparatory process.

15. In the effort to reform and revitalize UNCTAD, it was necessary to bear in mind the work done in other parts of the system, such as WTO, UNIDO and the regional commissions, and to strengthen UNCTAD's cooperation with such bodies. The participation of the private sector in the intergovernmental machinery was positive, but careful thought should be given to the criteria, circumstances and terms of such participation, in order not to undermine the work of the institutional machinery. Finally, he observed that, when it came to achieving a better distribution of functions and tasks among the United Nations organs, it should be remembered that an efficient use of human and financial resources was not exclusively a matter of savings cuts.

16. The spokesman for the African Group (Egypt) presented the Addis Ababa Declaration on UNCTAD IX, adopted by the African Ministers responsible for Trade, Regional Cooperation, Integration and Tourism on 16 February 1996 (AF/MM/77(VIII)/1), as well as a paper prepared by the African Group in Geneva

on the future intergovernmental machinery of UNCTAD. He stated that the African countries were determined to pursue far-reaching political and economic reform programmes. But the success of national efforts depended on a favourable external environment, additional assistance and a high degree of international cooperation. African countries were very concerned at the increasing marginalization of Africa in world trade and FDI, and they believed that UNCTAD IX should take urgent action to integrate Africa into the mainstream of the world economy.

17. Outlining the "new issues" addressed in the Addis Ababa Declaration, he referred *inter alia* to the need for an information infrastructure for development as one important area for the future work of UNCTAD, including the establishment of a Trade Efficiency Review Mechanism (TERM). But the persistent traditional problems remained a matter of top priority for Africa. These included the declining trend in ODA and the debt problem; poverty alleviation; commodity diversification; full implementation of the Programme of Action for the Least Developed Countries; and the pursuit of effective ECDC. As for the effects of the Uruguay Round, the African countries would need the committed assistance of all concerned to enable them to meet their obligations and enjoy the benefits to be derived from the Agreements. One of the top priorities for Africa, however, lay in the area of finance and investment. Notwithstanding the liberalization efforts of African countries and the many opportunities for high rates of return on FDI, the recent upsurge of investment flows to developing countries had largely bypassed the African continent. UNCTAD should therefore engage in the preliminary work on a multilateral framework on investment.

18. Highlighting the main elements of the African Group paper on the future intergovernmental machinery of UNCTAD, he said that his Group considered that three Commissions should be established at UNCTAD IX, namely a trade commission, a services commission, and an investment and resource flows commission. Expert groups could be established to deal with the outcome of previous UNCTAD activities as well as with new issues. The Working Party on the Medium-term Plan and Programme Budget should be elevated to the level of a committee and its functions enhanced, especially in budgetary matters. Proper provision should be made for the participation of NGOs and the civil society in UNCTAD activities and meetings. Finally, he reiterated the importance his Group attached to the financing of the participation of experts from developing countries in technical meetings and relevant UNCTAD activities.

19. The representative of **Italy**, speaking on behalf of the **European Union**, presented a paper by the Council of Ministers of the European Union entitled

"Guidelines concerning the E.U. basic position on the Conference agenda".^{2/} The European Union remained deeply convinced that UNCTAD had a fundamental role to play in the service of development. UNCTAD's future role should be in tune with the new world economic framework, and the Conference should be seen as an opportunity for UNCTAD to identify clearly its comparative advantages. One task of a renovated UNCTAD would be to promote the participation in its work of the private sector, NGOs, and the academic/research world. UNCTAD's action should be directed to precise objectives, especially the effective integration of developing countries in the multilateral trading system. Particular attention should be paid to assistance to developing countries, especially the LDCs, most of which were in Africa. UNCTAD must take account of the growing differences within the developing world and promote the creation, expansion and diversification of production capacities. The justification for UNCTAD's action lay in the substantive contribution it could make to development and growth, and to a real improvement in the living conditions of the most underprivileged communities.

20. Regarding the intergovernmental structures, the European Union favoured a marked reduction in the number of intergovernmental bodies. A decision on this was of course linked to the priorities and work programmes to be established by the Conference. In the view of the European Union, the new work programmes should include the following: trade and development policies (with their implications for the environment, competition, commodities and preferences); development of the services sector and trade efficiency; and fostering enterprise and competitiveness in developing countries. In this context, the European Union considered that certain areas of work - such as LDCs, ECDC, poverty alleviation and the role of women in development - could be treated more effectively in a cross-sectoral manner rather than as individual specialized sectors. Finally, all the established work programmes, as well as the technical assistance activities, should be subject to regular reviews.

21. The **Chairman of the High-level Intergovernmental Meeting on the Mid-term Global Review on the Implementation of the Programme of Action for the Least Developed Countries for the 1990s** (Norway), presenting the report of the High-level Meeting held in New York in October 1995 (TD/B/LDC/GR/8), outlined the main recommendations made by the Meeting under the following headings: the economic policy framework of LDCs; external trade and investment; external finance; and external debt. The Meeting had emphasized the importance of effective follow-up of the outcome of the Mid-term Review as well as of the recommendations on LDCs adopted by major global conferences. It had reaffirmed, moreover, UNCTAD's role

^{2/} Subsequently circulated as a document of the Conference (see TD/369).

as the focal point at the global level for the monitoring, follow-up and review of the implementation of the Programme of Action.

22. The representative of **Finland**, introducing the report on the International Seminar on Environment, Competitiveness and Trade: A Development Perspective (Helsinki, 18-19 January 1996), said that there had been a useful and frank exchange of views on the topics entrusted to the Seminar. Several issues had been suggested for UNCTAD IX, in particular: (i) the identification of positive measures to support the efforts of developing countries, including LDCs, to adjust to higher environmental standards and to meet multilaterally agreed environmental targets, including in the context of MEAs; (ii) drawing attention to trade and environment linkages from a development perspective; and (iii) supporting the informed and effective participation of developing countries in international deliberations, including at the WTO.

23. The representative of **Switzerland**, introducing the report on the International Seminar on Technical Cooperation for Trade and Development in the Face of Globalization (Ascona, Switzerland, 23-24 November 1995), outlined the main points and proposals contained in the report. He drew attention, in particular, to the following proposals: (i) strengthened collaboration among the executing agencies and the recipient and donor countries at the operational level, on the basis of integrated programmes in favour of a given country or region; (ii) increased exchange of information among all the actors involved in a specific area of technical cooperation linked to trade; (iii) establishing within UNCTAD a focal point to provide a general view of the technical cooperation activities linked to trade and to identify the best practices.

24. The representative of **Germany**, introducing the report on the International Round Table on the Promotion of the Private Sector and the Role of Government (Bonn, 6-9 February 1996), said that the findings of the Round Table emphasized the need for dialogue between governments and the private sector, especially the SMEs and micro-enterprises. SMEs played a very important part in development, employment, poverty reduction and the role of women. Hence the call for a stable political and economic framework to enable SMEs to make their full contribution to development. On the business side, it was felt that the creation of suitable networks and business associations was an important element in enhancing the role of business.

25. The representative of **Canada** said that a major change in the global distribution of economic power was under way. Developing countries were no longer peripheral actors and their role in the global economy was increasingly dramatic. The World Bank had forecast that by the year 2020 developing countries

would account for over 60 per cent of global output. But the figures could be misleading. Some developing countries were growing extremely rapidly and in these cases the line between developed and developing was increasingly blurred. However, many of the poorest countries had fallen further behind and remained mired in low growth and poverty. There was a real danger of a world demarcated between a zone of progress, increasing prosperity and human well-being and a zone of misery trapped in a cycle of marginalization and poverty.

26. She observed that trade liberalization and globalization were sources of stress also in the industrialized economies, where structural changes and deep-rooted unemployment problems were sometimes viewed as being linked to the emergence of low-wage competition that was subject to less stringent social and environmental standards. With regard to the phenomena of liberalization and globalization she emphasized the following points:

- (i) Notwithstanding the forces of globalization and interdependence, the policy choices made by individual countries counted for a lot, especially when those policies encouraged competitive private enterprise, good management, and a sound financial and fiscal framework.
- (ii) With market mechanisms now playing an increasingly important role in development, the role of the State was shifting towards providing an enabling environment for private enterprise and investment.
- (iii) Since it was increasingly difficult to generalize about development problems and their solutions, it was necessary to adopt a targeted approach that took into account the actual individual circumstances of developing countries.

27. Recalling the main achievements and benefits of the Uruguay Round Agreements, she said that the key challenge now, especially for the developing countries, was to translate the commitments made in the Agreements into concrete trading opportunities. The follow-up work on this would need to take account of the increasingly multi-dimensional nature of trade.

28. In conclusion, she maintained that the overarching goal of UNCTAD's work should be to facilitate the full and active participation of developing countries in world trade, thereby contributing to their sustainable development. It was in tackling issues at the trade-development nexus that UNCTAD had a clear advantage over other organizations that focused either on trade or on development exclusively. Priorities should include improving collective understanding of

new trade issues, identifying the particular challenges of the least developed countries and those in low-income sub-Saharan Africa with regard to specific issues, and focusing on capacity-building in these countries to enable them to take advantage of the opportunities afforded by a globalizing and liberalizing world.

29. The representative of the Russian Federation said that the new elements in the report by the Secretary-General to the Conference were an excellent basis for drawing up a consolidated pre-Conference text. UNCTAD remained the main universal forum for promoting development through financial and technical investment, consensus-building and technical cooperation. UNCTAD should pursue a constructive approach to recommendations and political initiatives, and should aim above all to integrate developing countries into world trade. The Conference would need also to emphasize the importance of bringing the countries in transition into the international trading system, with appropriate attention being paid to tariffs, quotas and technical cooperation, as well as measures to facilitate their membership in WTO. It would be necessary to study also the impact of regional cooperation organizations on non-member countries.

30. He endorsed in general the recommendations made at the eighteenth special session of the Board on the future structures of the intergovernmental machinery of UNCTAD and agreed that the Conference could set up three basic commissions on, namely, trade, services and investment. There should be a balanced approach to the work programmes in order to cover the whole of UNCTAD's mandate and to ensure a proper interrelationship of issues. In this respect, he was pleased to note the measures taken by UNCTAD, WTO and ITC to achieve coordination and complementarity of their respective activities and to make the best use of their resources.

31. The representative of Norway said that UNCTAD had to find - and cultivate - its own centre of excellence so that its comparative advantages could be put to good use in achieving concrete results. This would enable UNCTAD to compete for scarce resources in the United Nations system. Moreover, the future role of the organization had to be defined in terms of cooperation and complementarity *vis-à-vis* WTO, UNDP, the international financial institutions and other development partners. There should also be closer cooperation with the private sector and NGOs. In his view, the two main comparative advantages of UNCTAD were the development perspective on international trade and the universal character of the organization. While it was true that UNCTAD's work programme might need streamlining, he felt that the programme need not be narrowly defined as long as a clear focus was kept on operationalization and policy formulation. UNCTAD's work programme should in his view concentrate on the following areas: trade

efficiency; investments, including transfer of technology and transnational corporations; and a regulatory framework for entrepreneurship and regional cooperation. However, attention should also be given to the areas of preferences (GSP), commodities, and services development. Sustainable development, including poverty alleviation, should constitute an integrated and cross-cutting concern for all UNCTAD activities, and should accordingly cease to exist as separate work programmes. Although many of the above themes were already on UNCTAD's agenda, it was important for the organization to address the issues in a new way, with a view to providing policy guidance to governments.

32. In view of the resource constraints, member States should agree on common principles regarding technical cooperation, including confining such assistance to LDCs and the poorest countries. The technical assistance programmes should be better organized in future and should be a matter for discussion and decision by the Board.

33. Regarding UNCTAD's future intergovernmental design, the role and functions of the Board should be strengthened. Two commissions should be established with broad mandates, as follows: (i) a commission for international investments, entrepreneurship and transnational corporations; (ii) a commission for trade-related issues, including commodities and regional cooperation. The commissions would draw on inputs made by specialized groups of governmental or technical experts, as appropriate. As for the organization of the secretariat, this was of course the prerogative of the Secretary-General of UNCTAD, but the secretariat would need both to adapt to the new work programme and intergovernmental structure established after UNCTAD IX and to reflect the changing environment and tasks. In his view, the necessary flexibility could be achieved only by organizing the secretariat in relatively large units with broader responsibilities.

34. The representative of Hungary, referring to the report by the Secretary-General of UNCTAD (TD/366), noted that the report routinely referred to "countries in transition" or "economies in transition". However, the agreed annotations to the provisional agenda for UNCTAD IX - which was an intergovernmentally negotiated text - used the expression "interested economies in transition", in recognition of the significant differences in the institutional framework, the level of integration into the global economy, and the specific needs of these countries. He was concerned that the secretariat had failed to follow the wording of the agreed annotations, thereby forcing these countries into a single category despite their differences and despite the clearly expressed wishes of several delegations, including his own. It was the view of his delegation that in the Secretary-General's report, which was the

basis of the Board's deliberations, the expression "economies in transition" should be understood to mean "interested economies in transition" in all cases, in line with the agreed annotations to the provisional agenda for UNCTAD IX.

35. The representative of Switzerland observed that UNCTAD had been established in a different world. Momentous changes had taken place since then and the worldwide acceptance of markets and private enterprise formed the new paradigm of international economic cooperation. The respective roles of government and the civil society had also changed: instead of top-down decision-making, governments had to cooperate with the civil society as the business community and other non-governmental actors exerted a growing influence on world affairs.

36. He felt that the Secretary-General's report to the Conference was in general a good report and he endorsed the Secretary-General's view that the essential question was "Does UNCTAD make a difference in people's lives?" His delegation considered, however, that the proposals in chapter II were not sufficiently linked to the excellent analysis in chapter I. Moreover, chapter III could have been more selective in determining UNCTAD's work. On this point, he was convinced that UNCTAD should pay priority attention to the problems of the LDCs in general and the African countries in particular.

37. As for the new institutional machinery of UNCTAD, Switzerland would like to see the Conference designing a framework that would allow UNCTAD to deliver along the two complementary work axes proposed by the Asian Ministerial Meeting in Amman (cf. para. 9 above). It was true that UNCTAD had a unique breadth of vision on trade and development matters, but precisely because of this broad mandate the member States were ever tempted to burden UNCTAD with too many tasks. At its eighteenth special session in December 1995, the Board had outlined the design of an overhauled intergovernmental machinery that was more coherent and simple, with clearer functions for the subsidiary bodies, that would enable UNCTAD to focus its work more sharply. Switzerland supported the proposal now put forward by two regional groups and a national delegation that the Conference should establish three commissions on trade, investment and services, respectively. Furthermore, Switzerland was much in favour of seeing the future working methods of UNCTAD patterned on those already adopted by the Trade Efficiency programme. This programme had already moved along the path of more effective integration of the civil society into the work of UNCTAD - a process that could be greatly helped by the creation of an "honorary Board", or what the Secretary-General termed a "Global Advisory Committee", to provide a forum for exchange between UNCTAD and the business community, academia and NGOs. The aim above all would be to enable UNCTAD to be action-oriented, with a view to finding

concrete solutions to the practical problems related to globalization and liberalization.

38. The representative of Romania said that, for the current efforts towards modernization and opening up of the world economy to result in widespread and permanent benefits, parallel adjustments would have to be made in the external context to minimize the risk of adverse effects. This would be one of the important tasks of the Conference. There was indeed a crucial need to manage efficiently the growing globalization and liberalization of the world economy, with a view to increasing the growth opportunities for developing countries and countries in transition. In order to respond to the demands made by the new realities of the world economy, the institutional framework of UNCTAD would have to be revitalized and strengthened. Partnership was the key word for a successful outcome to the Conference.

39. The representative of Japan said that, since the stage of development of developing countries now varied greatly from country to country, it was important to adopt a wide variety of approaches when considering actual measures for particular countries. Organizational reform would be necessary if UNCTAD were to tackle such complex tasks effectively. As part of the effort to strengthen the role of UNCTAD, the style of negotiation based on North-South antagonism should be transformed more thoroughly into a policy dialogue based on the partnership for development, as agreed upon at UNCTAD VIII. The intergovernmental machinery should be a forum for high-quality policy debate, attended by a large number of experts. In view of the limited financial and human resources, a reduction in the targeted issues and the intergovernmental meetings was inevitable. Moreover, international organizations engaged in the same areas of work should seek to work in cooperation and coordination with one another. As for technical cooperation, he felt that UNCTAD should be encouraged to expand such activities, including through South-South cooperation, in those areas where it had sufficient expertise. Consideration should be given to the proposal that financial savings resulting from organizational reform be channelled to financing those technical cooperation projects - including support for experts from developing countries to participate in expert meetings - that were beneficial to developing countries.

40. In the view of his delegation, the issues that UNCTAD would take up in the coming years should be grouped under one of the three substantive categories on the provisional agenda for UNCTAD IX, namely:

- (a) Development policies and strategies in an increasingly interdependent world economy;

- (b) Promoting international trade as an instrument for development;
- (c) Promoting enterprise development and competitiveness in developing countries and countries in transition.

At the same time, UNCTAD should continue its work on the individual issues on which it had accumulated expertise over the years, such as commodities, trade in services, competition policies, and the GSP. UNCTAD should also deal with environment and regional integration in order to promote the participation of developing countries in the multilateral free trade system.

41. In considering the role of enterprises in development, the most important question was how to integrate foreign direct investment into development. As for the subject category of development policies and strategies, the issues included under this heading addressed development as a whole and were basically cross-sectoral. They included poverty alleviation, LDCs, ECDC, the role of government in development, sustainable development, financial flows and external debt. These issues were complex and called for greater selectivity and focus, with special attention being devoted to the African countries and the LDCs. Accordingly, Japan proposed that UNCTAD should formulate a development strategy that would cover both trade and development. Research should be undertaken on the development experience of the successful East Asian and Latin American developing countries, with a view to seeing what lessons could be drawn for the benefit of other regions, especially Africa. This initiative could set a pattern for South-South cooperation, with the secretariat maintaining a coordinating function and seeking to obtain support from donor countries. In addition, UNCTAD's technical cooperation in the form of software for debt management should be enhanced.

42. Japan considered that structural adjustment for disarmament was another important issue. Measures to channel the human and financial resources arising from disarmament into development were a matter of great urgency and interest to developing countries. The secretariat should therefore continue to follow this issue and report to the Board when appropriate.

43. As for the future intergovernmental machinery of UNCTAD, he observed that it was necessary not only to raise the research and analysis capability of the secretariat, but also to make use of outside experts in order to enhance the effectiveness of UNCTAD meetings. He was in favour of a small number of sectoral commissions with broad mandates corresponding to the three pillars of future UNCTAD activities, namely (i) trade; (ii) enterprise investment; and (iii) development policies and strategies (although this last item might more

appropriately be discussed in the Board). Furthermore, the supervisory function of the member States over the UNCTAD budget and programmes should be enhanced to make sure that high-priority issues received sufficient human and financial resources. Monitoring was also required on the technical cooperation programmes, especially when they drew on the regular budget. Such supervisory functions could be exercised in the Working Party on the Medium-term Plan and the Programme Budget.

44. The representative of the United States of America said that the history of international relations since World War II had shown that respect for human rights, commitment to free trade and market principles, and popular participation in political and economic decision-making had been and were still the essential ingredients of success. Today, the United Nations and its ancillary organs could not remain frozen in time, impervious to the rapidly accelerating process of change. They must be transformed radically, or the nations and the civil societies would go on without them. The United Nations system had been slow to eliminate archaic working methods and out-dated programmes. If the new goals for multilateral cooperation were to be achieved, it would be necessary to meet less and do more. Some programmes must be abolished and the savings reinvested in new, more relevant activities. The ability of member States to take the action necessary to change the system would soon be tested at the ninth session of the Conference. The reforms already agreed upon at UNCTAD VIII had had some instructive outcomes, but the member States had not been able to change the structure of the secretariat or to modify the budget in order to maximize the results of the new agenda. The result had been a hybrid of the old and new UNCTAD. It had proved too easy to fall back into old habits and some UNCTAD meetings had amounted to missed opportunities. Much of the secretariat documentation only criticized developed-country trade laws and portrayed developing countries as marginalized by the Uruguay Round. The obsession with UNCTAD's "broad mandate" had tended to hinder progress, when what was needed were concentration, consolidation and focus. Her country believed that UNCTAD had a single purpose, namely to fully integrate the developing countries, particularly the LDCs, into the global economy.

45. The comparative advantage of UNCTAD lay in its programmes on trade efficiency, SMEs, TNCs and investment, and science and technology. Such programmes promoted business, created jobs, rationalized investment codes and procedures, de-bureaucratized inefficient customs operations and created information infrastructures. UNCTAD should also analyse the experience of successful Latin American and East Asia developing countries. In the next four years the international community must identify four or five areas of concentration - no more - for UNCTAD's work. The highest priority must be to

maximize the opportunities offered by the Uruguay Round. Debt management and trade efficiency would also rank high.

46. The secretariat should be reshaped, to ensure that it produces objective economic analyses that spurred discussion. Managerial flexibility would be essential to this task. The secretariat should be smaller, but more efficient: the era of big government and large bureaucracies was at an end. As for working methods, the resources needed for holding 10 meetings in Geneva might be put to better use in convening three workshops for policy-makers in, say, Africa. Greater use should be made of "benchmarking", and the power of technology should be tapped to amass relevant information. While the member States sought to do more with less, they must also consent to do much less on non-priority activities, which should eventually be eliminated altogether.

47. In conclusion, she said that UNCTAD IX should not be allowed to become another missed opportunity. The Conference must articulate a new vision for UNCTAD. The promise of a better, sustainable, more equitable and prosperous world awaited.

Chapter II

ORGANIZATIONAL MATTERS

A. Opening of the session

48. The twelfth executive session of the Trade and Development Board was opened on 26 February 1996 by Mr. William Rossier (Switzerland), the current President of the Board.

B. Bureau of the twelfth executive session

49. There being one replacement among the Vice-Presidents (Japan), the Bureau for the twelfth executive session was as follows:

<u>President:</u>	Mr. William Rossier	(Switzerland)
<u>Vice-Presidents:</u>	Mr. Yuri Afanassiev	(Russian Federation)
	Mr. Munir Akram	(Pakistan)
	Ms. Kristie Kenney	(United States of America)
	Mr. Antonio E. Marziota Delgado	(Cuba)
	Mr. Toshio Tsunozaki	(Japan)
	Mr. Sirous Nasserli	(Islamic Republic of Iran)
	Mr. Javier Paulinich	(Peru)
	Mr. Henri Reynaud	(France)
	Mr. Jacob S. Selebi	(South Africa)
	Mrs. Appolonie Simbizi	(Burundi)
<u>Rapporteur:</u>	Mr. Jan Piotrowski	(Poland)

C. Adoption of the agenda and organization of the work of the session

(Agenda item 1)

50. At its 872nd (opening) meeting, on 26 February 1996, the Board adopted the provisional agenda for its twelfth executive session, as contained in section I of TD/B/EX(12)/1. (For the agenda, see annex II below).

51. In accordance with the proposed arrangements and calendar for the preparatory process for UNCTAD IX approved by the Bureau of the Board on 23 January 1996, the Board established an open-ended Committee of the Whole to meet informally, under the chairmanship of the President of the Board, between 26 February and 29 March 1996. The mandate of the Committee was to elaborate a substantive text for transmittal to the Conference and to consider any other matters that might be relevant to the preparatory process for UNCTAD IX. The Committee was called upon to report to the Board at its closing plenary meeting on 29 March 1996.

D. Recommendation of the Trade and Development Board to the Conference concerning the lists of States annexed to General Assembly resolution 1995 (XIX)

(Agenda item 3)

[To be completed]

E. Institutional, organizational, administrative and related matters

(Agenda item 4)

(a) Treatment of new States members of UNCTAD for purposes of elections

[To be completed]

(b) Membership of the Trade and Development Board

52. The President drew attention to TD/B/EX(12)/CRP.2, reflecting the current membership of UNCTAD and of the Trade and Development Board.

53. At its 872nd meeting, on 26 February 1996, the Board was informed that the Secretary-General of UNCTAD had received official communications indicating that Iceland and the Republic of Moldova wished to become members of the Trade and Development Board. The Board agreed to grant membership to these two countries under the provisions of paragraph 5 of General Assembly resolution 1995 (XIX), as amended.

54. The Board took note that, with the addition of these two States, membership of the Board now stood at 143, and document TD/B/EX(12)/CRP.2 would be amended accordingly.

(c) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board

[To be completed]

(d) Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

[To be completed]

(e) Administrative and financial implications of the actions of the Board

[To be completed]

F. Report of the twelfth executive session of the Board

(Agenda item 6)

[To be completed]

ANNEXES

Annex I

PRE-CONFERENCE TEXT

[To be included in the final report]

Annex II

AGENDA FOR THE TWELFTH EXECUTIVE SESSION

[To be included in the final report]

Annex III

**CHECKLIST OF DOCUMENTS BEFORE THE BOARD AT ITS
TWELFTH EXECUTIVE SESSION**

[To be included in the final report]

Annex IV

MEMBERSHIP AND ATTENDANCE

[To be included in the final report]