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TRADE AND DEVELOPMENT BOARD  
Ad Hoc Working Group on Expansion  
of Trading Opportunities for  
Developing Countries  
Second session  
Geneva, 22 November 1993

**DRAFT REPORT OF THE AD HOC WORKING GROUP ON EXPANSION  
OF TRADING OPPORTUNITIES FOR DEVELOPING COUNTRIES**

Held at the Palais des Nations, Geneva,  
from 22 to 26 November 1993

Rapporteur: Mr. Dietmar-Gert Lackner (Austria)

**AGENDA ITEMS 1, 2 AND 3**

**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 by Friday, 3 December 1993 at the latest to:

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## INTRODUCTION

1. The Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries held its second session at the Palais des Nations, Geneva, from 22 to 26 November 1993. In the course of the session, the Ad Hoc Working Group held ..... plenary meetings.

### Opening statements

2. The Deputy to the Secretary-General of UNCTAD welcomed participants to the session which, he recalled, had originally been scheduled for 4 to 8 October 1993; however, in its review of the calendar of UNCTAD meetings, the Trade and Development Board during the first part of its fortieth session had decided, in light of the current resource constraints of the United Nations, to make certain adjustments to the schedule of UNCTAD meetings for the rest of 1993 and the biennium 1994-1995. In accordance with the revised calendar of meetings (TD/B/40(1)/INF.1), the second session of the Ad Hoc Working Group had been rescheduled to take place from 22 to 26 November 1993 while the third and fourth sessions would be held from 17 to 21 January 1994 and from 28 February to 4 March 1994, respectively.

3. He drew attention to paragraph 68 of the Cartagena Commitment whereby the Board was instructed to conduct a mid-term review of the implementation of decisions taken by the eighth session of the Conference. In consequence, the Board had decided that this review would take place at a resumed session of the second part of its fortieth session, scheduled for 25 to 27 May 1994. In accordance with its terms of reference, <sup>1/</sup> the Group was expected to complete its work within two years of the adoption of its terms of reference. In practical terms, this would mean that the Group should adopt its final report by its fourth session. The final report would thus be one of the key elements in the mid-term review.

4. He then emphasized the broad nature and purpose of the final report. The Ad Hoc Working Group had been called upon "to analyse the prospects for, and examine ways of, expanding the trading opportunities of developing countries for the diversification and growth of their export supply capability and for the enlargement and improvement of their export market opportunities". This involved more than an analysis or identification of relevant issues. It implied policy

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<sup>1/</sup> For the terms of reference of the Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries, see Trade and Development Board decision 398 (XXXVIII), annex, section C.

recommendations on implementable commitments at the national and international level so as to increase the trading opportunities of developing countries. In carrying out this exercise, pursuant to paragraphs 18 and 47 of the Cartagena Commitment and the terms of reference of the Group, "the Working Group should be inspired by the need to promote international consensus on principles and strategies for policy action at the national and international levels to enhance the development prospects of member States, particularly those of developing countries". Technical cooperation was another element to be covered in the final report. Recommendations on follow-up activities, as appropriate, could also be included. In this connection, the Conference, in establishing the five ad hoc working groups to address trade and development issues, had given the ad hoc working groups a two-year mandate which could be extended by a decision of the Trade and Development Board.

5. The Chairman emphasized that the Group's mandate and the work programme adopted at its first session had called for a final report that would be action-oriented and contain recommendations for policy action at the national and international levels to expand the trading opportunities of developing countries. The same report should also contain recommendations on technical cooperation and follow-up activities, as appropriate. The draft final report would be considered at the fourth and final session of the Ad Hoc Working Group. At its meeting on 16 September 1993, the Bureau had discussed various organizational matters concerning the work of the remaining sessions and agreed that it would be desirable to have a report on each session which would contain a Chairman's summary of the substantive discussion. These reports would present the main elements and orientations of the Group's work and provide a framework for an elaboration by the secretariat of the draft final report.

6. She mentioned that concern had been raised over the tight scheduling of future meetings, the uncertainty of when the results of the Uruguay Round would become available and the time needed to prepare the necessary background documentation including the secretariat's analysis of the effects of the outcome of the Round on the trading opportunities of developing countries. However, the question of a timetable would be taken up later when the agenda for the third session was discussed. In the organization of work for the present session, the Bureau had agreed that supply-side issues would be examined first followed by demand-side issues.

## Chapter I

### CONSIDERATION OF ISSUES ARISING FROM THE WORK PROGRAMME OF THE AD HOC WORKING GROUP

- (a) Country presentations of national experience  
(export capabilities, market opportunities,  
export promotion and marketing)
- (b) Export capabilities
- (c) Market opportunities (environmental measures, structural  
adjustment policies, RBPs)
- (d) Export promotion and marketing

(Agenda item 3)

7. For its consideration of this item, the Ad Hoc Working Group had before it the following documentation:

"Measures and incentives for enhancing the competitiveness of sectors with export potential in developing countries: evidence and lessons from experience"

Report by the UNCTAD secretariat (UNCTAD/ITP/90 and Corr.1);

"Market opportunities (environmental measures, structural adjustment policies, RBPs)"

Report by the UNCTAD secretariat (TD/B/WG.4/6);

"Export promotion and marketing"

Note by the UNCTAD/GATT International Trade Centre (TD/B/WG.4/Misc.11).

8. The Director of the International Trade Division commended the delegations which had come forward with country presentations on national experience in the areas identified in the work programme or had announced their intention to do so. He then introduced the three documents prepared for the meeting, covering the subtopics: (i) building export capabilities, (ii) expanding export market opportunities and (iii) export promotion and marketing. Sustained export growth depended crucially on two major parameters: an open international trading system offering wide access to export markets; and the existence of internationally competitive supply-capabilities in the developing countries. All developing

countries were actively striving to increase their participation in international trade but many still had to build internationally competitive production bases with efficient agricultural, manufacturing and services sectors. The main impediments on the supply side included: lack of investment capital and goods; shortages of skilled labour; insufficient technological capabilities and inadequate physical infrastructure. Implementation of policies which supported rather than hampered export expansion was a challenge for developing countries. The objective should be to reduce the incidence of uneconomic or counter-productive government interventions and controls while moving towards a set of policy measures geared to the pursuit of creating diversified, internationally competitive supply capabilities. Evidence from a number of developing countries which had recorded rapid export growth suggested that exchange rate devaluations (in real terms), export incentives, and the operation of export-processing free zones and special economic zones figured prominently in their trade policy measures. The policy mix had varied among countries and over time but, on the whole, trade liberalization had followed rather than accompanied export growth, with the exception of the liberalization of imports of inputs for export production.

9. An open international trading system offering the fullest access to export markets was a major parameter for sustained export growth of developing countries. The impact of environmental measures, structural adjustment policies, restrictive business practices and competition policies on market opportunities had been treated in the secretariat report. From an environmental perspective, the expansion of trading opportunities for developing countries could bring new market opportunities through the promotion of environmentally friendly products, while mitigating any adverse effects of environmental regulations, policies and standards upon their exports. "Green consumerism" might allow them to gain the loyalty of environmentally conscious consumers. It would be necessary, however, to watch that environmental regulations and standards did not adversely affect their trading opportunities by reducing the competitiveness of their exports, or in some cases even denying them access to certain markets.

10. As for structural adjustment policies and their impact on export opportunities, there was compelling evidence that developed market-economy countries needed to restructure or to disengage from production sectors in which they were losing international competitiveness. Many developing countries were still engaged in a development process which involved putting their supply capabilities on a broader base rather than restructuring individual production sectors. For this reason, developing countries would require external support.

11. He observed that, in the real world, markets did not always function perfectly, nor did efficient market structures emerge by themselves. Although competition rules and regulations usually existed and were enforced at the national level, at the international level this was seldom the case. All countries could make greater efforts to control restrictive business practices which adversely affected their trading opportunities. To this end, they could strengthen cooperation and consultations in areas where there was an interface between trade and competition policies. Real progress could be achieved if all countries adhered to the provisions of the United Nations Set of Multilaterally Agreed Equitable Principles and Rules for the control of Restricted Business Practices; by linking competition to trade policy, the private firms' barriers to trade would be brought under the disciplines of the international trading system. This would safeguard the benefits of trade liberalization, reflect the realities of global competition and ensure a "level playing-field" for all, and especially for developing countries and their firms.

12. With regard to export promotion and marketing, he noted that as most developing country producers/exporters were small and medium-size enterprises, trade support services, including the availability of pre-shipment and post-shipment export finance, formed an integral part of any successful strategy for export expansion. In this complex process, advances in communication technology and information processing - by enhancing trade information transmission and decision-making - could make a significant contribution to improving the trading opportunities of developing countries.

Chapter II

PROCEEDINGS OF THE ... (CLOSING) PLENARY MEETING

[to be completed as appropriate]

### Chapter III

#### **ORGANIZATIONAL MATTERS**

##### **A. Opening of the session**

13. The second session of the Ad Hoc Working Group was opened on 22 November 1993 by the Chairman.

##### **B. Election of officers**<sup>2/</sup> (Agenda item 1)

14. At its 5th (opening) plenary meeting on 22 November 1993, the Ad Hoc Working Group elected Messrs. I. Kinnas (Greece) and Y. Afanassiev (Russian Federation) as Vice-Chairmen to replace Messrs. A. Gambitsis (Greece) and V. Kouvshinov (Russian Federation) who were unable to attend. Accordingly, the Bureau of the Ad Hoc Working Group at its second session was constituted as follows:

<b><u>Chairman:</u></b>	Mrs. Magda Shahin (Egypt)
<b><u>Vice-Chairmen:</u></b>	Mr. I. Kinnas (Greece) Mr. A. Hassain (Bangladesh) Mr. Y. Afanassiev (Russian Federation) Mr. C. Sinencio (Mexico) Mr. H. Dzvimbo (Zimbabwe)
<b><u>Rapporteur:</u></b>	Mr. Dietmar-Gert Lackner (Austria)

##### **C. Adoption of the agenda and organization of work** (Agenda item 2)

15. At its 5th (opening) plenary meeting on 22 November 1993, the Ad Hoc Working Group adopted its provisional agenda (TD/B/WG.4/5) as follows:

1. Election of officers
2. Adoption of the agenda and organization of work

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<sup>2/</sup> In accordance with the decision taken by the Trade and Development Board at the first part of its thirty-ninth session, the officers elected at the first session of the Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries are to remain in office for the duration of the life of the Ad Hoc Working Group.



3. Consideration of issues arising from the work programme of the Ad Hoc Working Group:
  - (a) Country presentations of national experience (export capabilities, market opportunities, export promotion and marketing)
  - (b) Export capabilities
  - (c) Market opportunities (environmental measures, structural adjustment policies, RBPs)
  - (d) Export promotion and marketing
4. Provisional agenda for the third session of the Ad Hoc Working Group
5. Other business

**D. Provisional agenda for the third session of the Ad Hoc Working Group**

(Agenda item 4)

[to be completed]

**E. Other business**

(Agenda item 5)

[to be completed as appropriate]

**F. Adoption of the report of the Ad Hoc Working Group to the Board**

[to be completed]