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**DRAFT REPORT OF THE COMMISSION ON ENTERPRISE, BUSINESS
FACILITATION AND DEVELOPMENT AT ITS EIGHTH SESSION**

Rapporteur: **Mr. Ivan Gospodinov (Bulgaria)**
Opening statements

Speakers:

Secretary-General of UNCTAD
Ireland for the EU
Brazil for the G77 & China
Islamic Republic of Iran for the
Asian Group

Cuba for GRULAC
Senegal for the African Group
Benin for the LDC's

Note for delegations

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

Requests for amendments to statements by individual delegations should be communicated by **Tuesday, 20 January 2004** at the latest, to:
UNCTAD Editorial Section, Room E.8102, Fax No. 917 0056, Tel. No. 917 5654/1066.

OPENING STATEMENTS

1. The **Secretary-General of UNCTAD** said that one of the main concerns of developing countries with respect to their participation in multilateral trade was the lack of competitiveness. UNCTAD's work focused on the public policies that would facilitate the improvement of business competitiveness and contribute to a general reduction of transaction costs, including those influenced by transport infrastructure and systems and the use of information and communication technologies (ICTs). Also, UNCTAD should further explore policies that would strengthen the capacity of developing country enterprises, especially small and medium-sized enterprises (SMEs), to export.

2. For developing countries to benefit from international trade and investment opportunities, more emphasis needed to be placed on solving the supply-side constraints of developing countries – that is, strengthening the enterprise sector. Governments played an important role by providing a stable macroeconomic framework and by introducing appropriate laws and regulations to create an enabling environment for enterprises, but from that point onwards it was the role of the enterprise that mattered in terms of diversifying production and moving up the technology ladder to more-value-added products. Furthermore, each country would have to devise a strategy for supporting enterprise competitiveness that was adequate for its own needs, taking into account its advantages and endowments.

3. The successful participation of developing countries in international trade would largely depend on their capacity to build up efficient trade and transport infrastructure and services that would reduce transaction costs. This was because the process of globalization was closely linked to technological changes in transportation, as well as to business practices and operational patterns. In particular, the exponential growth of containerization and the widespread use of multimodal transport required an appropriate legal and regulatory framework to complement the enabling environment for business and investment. The practical problem facing many countries was the highly disjointed and ineffective coordination of the elements that make up trade-supporting infrastructure. Overall, there was a need to develop modern policies, administrative arrangements and management practices that bridge institutional and organizational disparities and inconsistencies.

4. He underlined the new challenges to enhance transport security that had emerged in the last few years. In this context, he recalled the multilateral approach promoted by the United Nations General Assembly in a recent resolution, namely that security measures would need to be taken in a manner that disrupted normal trade and related practices as little as possible. For many developing countries the financial costs and technical expertise required, together with the tight time frame for compliance, were a significant concern. There was a need for assistance and guidance in their implementation. In that connection, he announced the starting of a major trade logistics programme in Afghanistan as part of the overall rehabilitation of that country by the international community.

5. The Secretary-General highlighted the cross-cutting character of ICTs, which were fundamental to the improvement of the competitiveness of SMEs. The efficiency of ICT use in business in developing countries depended not only on access to infrastructure and technology, but also on increased awareness of the potential of ICTs and the development of adequate legal frameworks for e-business. He informed delegates about UNCTAD's involvement in the World Summit on the Information Society and the preparation for the second phase, to be held in Tunis in 2005. ICTs could also play an important role in south–south cooperation, as had been demonstrated at the recent G77 High-Level Conference in Marrakesh (December 2003). UNCTAD would continue to contribute to the dissemination of best practice on national ICT strategies and support countries in developing their ICT policies.

6. The representative of **Ireland**, speaking on behalf of the **European Union and the EU acceding countries (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia)**, welcomed the fact that UNCTAD had identified concrete policy options in its work on enterprise competitiveness. These built on an analysis of entrepreneur categories, how they functioned and the means of facilitating transition from the informal to the formal sector, and provided a key resource for reference in the field. She said that the EU was pleased that in the context of the Empretec programme a training methodology for women entrepreneurs had been developed, and encouraged UNCTAD to continue in its role as lead agency of the UN Task Force on Gender.

7. The secretariat's reports concerning transport and trade facilitation were timely. They reviewed a number of key developments and changes in the global landscape to which developing countries were having to respond. The regulatory, security and adjustments challenges facing these countries were well described and the contribution of ICTs to solving these challenges was highlighted. Also, she recalled the support of the EU for UNCTAD's technical assistance programmes such as the Advance Cargo Information System (ACIS) and the Automated System for Customs Data (ASYCUDA).

8. The EU considered that the Expert Meeting on Measuring Electronic Commerce, held in September 2003, constituted a service to member countries and that the resulting work on ICT indicators had enormous potential with regard to the measurement of progress in this area. The EU also recognized the important UNCTAD contributions to the United Nations ICT Task Force and the World Summit on the Information Society in helping to put the potential and knowledge of ICTs at the service of developing countries, including through UNCTAD's *E-Commerce and Development Report*.

9. The representative of **Brazil**, speaking on behalf of the **Group of 77 and China**, said that small and medium-sized enterprises (SMEs) were a vital component of a well-designed and effective development strategy since they comprised the bulk of the economy in developing countries and were essential for poverty reduction, production diversification and widening the export base. It was important to create a propitious environment for the private sector, but the appropriate role for Governments would vary from country to country. On the issue of financing for SMEs, he emphasized the importance of official development assistance for many developing countries. He also noted that to complement national efforts to promote SMEs, adjustments were needed in the multilateral trading system, especially with regard to the Agreement on Subsidies and Countervailing Measures and the Agreement on Trade-Related Investment Measures. Furthermore, developed countries could support SMEs in developing countries through reductions in tariffs and other barriers to trade.

10. He stressed the essential role of transport and trade facilitation issues in the development process of all countries, particularly that of developing countries. The costs of transport and of those related to compliance with trade control procedures had become more significant barriers to market entry than tariffs. With reference to the Expert Meeting on the Development of Multimodal Transport and Logistics Services, he emphasized that access to multimodal transport and logistics services was crucial for the competitiveness of enterprises in the global economy and that many developing countries, notably small-island, landlocked and least developed countries, had only limited access to these services. He stressed the need for further research on multimodal transport and for guidelines on best practices for transport and trade facilitation. On the question of enhancing maritime and port security, he underlined the importance of a global coordinated approach for the development and implementation of such measures. He noted the high cost of some security measures and the fact that

some countries might not be able to bear them and that multilateral assistance would therefore be needed to overcome these problems.

11. He noted the symbolic timing of the Commission's session – between the World Summit on the Information Society (WSIS) and UNCTAD XI – and confirmed the satisfaction of the G77 and China with UNCTAD's work on ICTs. In particular, UNCTAD should pay attention to the threat of digital marginalization for developing countries. In this respect, it should monitor and analyse progress made between the two phases of the WSIS and contribute to the implementation of the WSIS Plan of Action. The Group of 77 and China supported policies to promote the use of free and open-source software, and welcomed international initiatives launched at the WSIS, such as the Digital Solidarity Fund.

12. The representative of the **Islamic Republic of Iran**, speaking on behalf of the **Asian Group**, said that international support for building productive capacity in developing countries needed to be further developed, while room was also provided for the pursuit of development-focused policies in areas such as investment, technology transfer and upgrading and building of domestic productive capacity at the enterprise level. This also required policy space and flexibility with regard to multilateral commitments. UNCTAD should continue and strengthen its work on policy analysis, technical assistance and capacity building in the field of the competitiveness of small and medium-sized enterprises (SMEs).

13. Information and communication technologies (ICTs) were enablers of growth in the competitiveness of SMEs. ICT-supported gains should be fostered so that countries could bridge the digital divide and developing countries in particular could increase their participation in the global value chain. UNCTAD should continue to promote competitiveness, namely through technical assistance and assistance for the development and implementation of national ICT policies. It should also contribute to monitoring trends in ICT applications in specific economic sectors.

14. The representative of **Cuba**, speaking on behalf of the **Group of Latin American and Caribbean countries (GRULAC)**, noted the important contribution of small and medium-sized enterprises (SMEs) to economies in the region and stressed that it was important to find new ways of generating growth and enhancing the competitiveness of enterprises in the region. He also stressed the importance of micro-level policies focusing on practical ways to strengthen productive capacity. Furthermore, he emphasized the opportunity provided by the Commission's session to contribute to the UNCTAD XI theme on building productive capacity and international competitiveness. He also drew attention to the UNCTAD XI side event, namely EMPRETEC XI, which was expected to bring at least 3,000 entrepreneurs to Brazil.

15. He explained the importance of compliance with security requirements since a large proportion of Latin American and Caribbean countries' export trade was with the US market. He highlighted the concerns regarding the timely implementation of security measures and the need for considerable investments in equipment, software and training. On the issue of the use of information and communication technologies (ICTs), he noted that in addition to improving the efficiency of international transport services and logistics chains, their use could improve risk management practices in customs as a central element to improve supply chain security, facilitate customs passage and enhance customs revenue collection. He also underlined the importance of multimodal transport for the Latin American and Caribbean region, and the lack of an international liability regime, which had resulted in the emergence of several regional initiatives to prepare legal frameworks. He expressed support for the work of UNCTAD in this area.

16. ICT development strategies and policies in developing countries should take into account national economic realities and interests, and specific incentives for ICTs were required, such as financial support for ICT projects, and support for ICT literacy and e-business training. Furthermore, national legal and regulatory frameworks must be adapted to accommodate e-commerce and e-business practices. UNCTAD should continue to provide developing countries with policy-making assistance in the area of e-commerce, including guidance on ways to create an environment conducive to the functional development of e-business. GRULAC welcomed the results of the Expert Meeting on Measuring Electronic Commerce, held in September 2003, and the establishment of an on-line platform for sharing expertise and information on ICT indicators. He reiterated GRULAC's support for the Plan of Action of the World Summit on the Information Society (WSIS) for the promotion of ICT applications in e-business with a view to supporting the equitable access of developing countries to markets and sustainable development. Finally, GRULAC suggested that the issue of e-governance should be considered as a future topic for Expert Meetings, with a view to contributing to concrete proposals for action on e-governance in the second phase of the WSIS, to be held in Tunis in 2005.

17. The representative of **Senegal**, speaking on behalf of the **African Group**, noted that it was in Africa that the supply-side constraints hindering the ability of developing countries to benefit from international trade opportunities were perhaps the most severe. There was an urgent need to find ways to strengthen and diversify the productive sector in Africa. He also noted the important contribution of the Empretec programme in strengthening the enterprise sector and in promoting a culture of entrepreneurship.

18. He highlighted the considerable importance of developing transport infrastructure and services to avoid further marginalization of the international trade of African countries, whose share of the value of world exports had dropped to 2.4 per cent in 2001. The plight of these countries was evidenced by the fact that the total freight costs for African imports were 50 per cent higher than for Asia and Latin America. However, private-public partnerships were already in place in some ports and sections of railways networks, with increases in efficiency reported. Similar schemes were under consideration in other countries. He considered that the implementation of transport and trade facilitation measures would assist in reducing transit delays and costs, in particular for the landlocked countries. Furthermore, the use of information and communication technologies (ICTs) for implementing those measures had helped to improve operations, reduce transport costs and promote transparency amongst commercial partners. On the question of security and the implementation of the International Maritime Organization's International Ship and Port Facility Security Code (the ISPS Code), he believed that a number of African countries would be unable to meet the deadline. He acknowledged the positive impact of UNCTAD's technical assistance and asked for an expansion of these programmes to accelerate the trade and economic development of African countries.

19. He expressed appreciation for initiatives such as ASYCUDA and ACIS, which were positive examples of the application of ICTs and an attempt to redress one aspect of the digital divide highlighted at the World Summit on the Information Society (WSIS). The African Group recognized that ICTs were important for social and economic development, but that better understanding of the limits of their impact was needed. With respect to the WSIS Plan of Action, the African Group expressed its desire for UNCTAD to follow up on this and help the African countries prepare for the second phase of the summit. The Digital Solidarity Fund, which had not been established during the Geneva phase of the WSIS, would still be necessary in order to increase access to and use of ICTs in the continent. Referring to the Expert Meeting on Measuring Electronic Commerce, he emphasized the need for UNCTAD to implement the recommendations that had emerged from that meeting.

20. The representative of **Benin**, speaking on behalf of the **least developed countries (LDCs)**, noted that it was a priority to find ways of strengthening and diversifying economies in LDCs. The productive capacity in LDCs was generally weak, and therefore national efforts to support the development of a competitive enterprise sector needed to be supported by international partners. Also, the debt burden in many countries was absorbing valuable resources from private sector development and debt relief measures therefore needed to be given further consideration.

21. Those countries, many of which were landlocked, were the most negatively affected by high transport costs. They were burdened by excessive debt, and were thus unable to maintain or modernize their limited transport infrastructure. They considered that trade and transport facilitation measures could improve the present situation and that the utmost importance would need to be given to transit agreements. The recent security measures were seen as an additional barrier to surmount and for which investment in equipment and human resources was badly needed.

22. It was important to increase the participation of LDCs in international discussions on ICTs and the information economy. LDCs valued the attention that UNCTAD was giving to the digital divide, and to helping them avoid further marginalization in respect of international trade by identifying economic opportunities resulting from the use of ICTs. Also, it was necessary to reconsider the Digital Solidarity Fund initiative proposed at the World Summit on the Information Society.
